

# Cabinet Agenda



**Date:** Monday, 4 July 2016

**Time:** 6.00 pm

**Venue:** Committee Room - City Hall, College Green,  
Bristol, BS1 5TR

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**Issued by:** Ian Hird, Democratic Services  
Floor 4, Brunel House (Clifton Wing), Bristol BS1 5UY  
Tel: 0117 92 22384  
E-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**Date:** Friday, 24 June 2016



# Agenda

## PART A - Standard items of business:

### 1. Welcome, Introductions and Safety Information

### 2. Public Forum

*(up to one hour is allowed for this item)*

**Please note:** Public forum business at Cabinet meetings must be about matters on the agenda.

**The order of business for public forum will be:**

- a) Petitions and statements from Bristol residents (petitions to be heard before statements).
- b) Questions from Bristol residents.
- c) Petitions and statements notified by councillors (petitions to be heard before statements).
- d) Questions from councillors.

**Please also note:**

**Petitions and statements (must be about matters on the agenda):**

- Members of the public and members of the council, provided they give notice in writing or by e-mail (and include their name, address, and 'details of the wording of the petition, and, in the case of a statement, a copy of the submission) by no later than 12 noon on the working day before the meeting, may present a petition or submit a statement to the Cabinet.
- One statement per member of the public and one statement per member of council shall be admissible.
- A maximum of one minute shall be allowed to present each petition and statement.
- The deadline for receipt of petitions and statements for the 4 July Cabinet is **12 noon on Friday 1 July 2016**. These should be sent, in writing or by e-mail to:

Democratic Services, City Hall, 3rd Floor Deanery Wing, College Green,  
Bristol, BS1 5TR, e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)



**Questions (must be about matters on the agenda):**

- A question may be asked by a member of the public or a member of Council, provided they give notice in writing or by e-mail (and include their name and address) no later than 3 clear working days before the day of the meeting.
- Questions must identify the member of the executive to whom they are put.
- A maximum of 2 written questions per person can be asked. At the meeting, a maximum of 2 supplementary questions may be asked. A supplementary question must arise directly out of the original question or reply.
- Replies to questions will be given verbally at the meeting. If a reply cannot be given at the meeting (including due to lack of time) or if written confirmation of the verbal reply is requested by the questioner, a written reply will be provided within 10 working days of the meeting.
- The deadline for receipt of questions for the 4 July Cabinet is **5.00 pm on Tuesday 28 June 2016**. These should be sent, in writing or by e-mail to: Democratic Services, City Hall, 3rd Floor Deanery Wing, College Green, Bristol, BS1 5TR, Democratic Services e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**3. Apologies for Absence****4. Declarations of Interest**

To note any declarations of interest from the Mayor and Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

**5. Matters referred to the Mayor for reconsideration by a scrutiny commission or by Full Council (Subject to a maximum of three items)**

None on this occasion

**6. Scrutiny referral - Referral from Overview and Scrutiny Management Board - Mayor's Forward Plan and Medium Term Financial Plan**

To consider a referral from the Overview and Scrutiny Management Board. **(Pages 5 - 6)**

**7. Scrutiny report - Report of the People Scrutiny Mental Health Working Group**

To consider the recommendations of the People Scrutiny Mental Health Working Group. **(Pages 7 - 15)**

**PART B - Key Decisions**

**8. Commence tender of new highways maintenance and associated works framework and statutory emergency response contract**

To authorise the start of the tendering of a new highways maintenance and associated works framework and the statutory emergency response contract. **(Pages 16 - 46)**

**9. Local Council Tax Reduction Scheme 2017-18**

Approval is sought for the existing LCTR scheme remaining for 2017-18 and the existing scheme being reviewed for 2018/19, with options to be put forward for consideration. **(Pages 47 - 55)**

**PART C - Non-Key Decisions**

**10. 2015-16 Financial Outturn report**

To note the financial outturn report for 2015-16. **(Pages 56 - 74)**



## Scrutiny Commission Referral Form

**Referral from:**  
Overview and Scrutiny  
Management Board (OSM)

**To:** Mayor and Cabinet

**Date of meeting / referral:** OSM Board – 15<sup>th</sup> June 2016

**Contact Officer:** Lucy Fleming, Scrutiny Co-ordinator

**Subject:** Mayor’s Forward Plan and Medium Term Financial Plan

**Detail / reasons for referral:**

The OSM Board believes the Mayor’s Forward Plan is fundamental to the Council’s decision making and the involvement of back bench members in the scrutiny process.

To be effective, the Forward plan needs to be populated with accurate information of both regular reports, such as the quarterly monitor, annual policy statements and key decisions.

The Board recognises that when there is a change in administration, there will be a period of adjustment, but all decisions should be capable of scrutiny which means they must be in the Forward Plan with sufficient notice. For example, two items brought to the new Mayor’s first Cabinet were not on the last administration’s last forward plan, so scrutiny could not have examined them before the decision was taken.

However, the role of scrutiny in policy development is key and that requires the plan to be forward thinking. Ideally, with the Full Council and Mayor in place for the next 4 years, the forward plan would identify key decisions that need to be taken over the next 4 years.

For OSM to effectively plan the scrutiny work programme, it would be helpful if the forward plan could be fully updated for the next 12 months, within the next month, and provisionally updated for the next 4 years by the end of August.

There is also one specific issue which is key to our scrutiny role. As the new Mayor has already indicated, the medium term financial plan is going to involve major decisions. Could we have an early indication of the time frame in which these proposals will be available for scrutiny?

**Recommendations:**

That the Mayor and Cabinet;

1. Fully update the forward plan for the next 12 months, within the next month, and provisionally update it for the next 4 years by the end of August.
2. As soon as possible, confirm the timeframe in which the Medium Term Financial Plan will be available for consideration by Scrutiny.

**Accompanying papers:**

Not applicable

**CABINET – 4 July 2016**

**EXECUTIVE SUMMARY**

**Report title: Report of the People Scrutiny Mental Health Working Group**

**Wards affected: All**

**Strategic Director:** John Readman, Strategic Director for People

**Report Author:** Lucy Fleming, Scrutiny Co-ordinator

**RECOMMENDATION for the Mayor's approval:**

- **That the Mayor and Cabinet discuss and accept the report recommendations arising from the People Scrutiny Commission working group.**

**Key background / detail:**

a. Purpose of Report - To consider the recommendations from the Scrutiny Working Group.

b. Key details:

1. The People Scrutiny Commission opted to undertake a review of mental health services as part of their work programme for 15/16 in order to ascertain whether there were additional opportunities to raise the profile of mental health issues and join up provision citywide.
2. The report and recommendations has been approved with the People Scrutiny Commission Councillors via email and it will be presented for formal approval at the People Scrutiny Commission Annual General Meeting scheduled for the 18<sup>th</sup> July 2016.
3. Recommendations 1 and 2 make reference to the Health and Wellbeing Board and the report will also be presented to Board on the 10<sup>th</sup> August for discussion.
4. The Mayor and Cabinet are asked to discuss and accept the recommendations contained in the report. Where recommendations are accepted by the Mayor and the Cabinet, an action plan for implementation will be produced and monitored by the Scrutiny Commission as appropriate.

**BRISTOL CITY COUNCIL  
CABINET  
4<sup>th</sup> July 2016**

**REPORT TITLE: REPORT OF THE PEOPLE SCRUTINY COMMISSION MENTAL HEALTH WORKING GROUP**

**Ward(s) affected by this report: All**

**Strategic Director: John Readman, Strategic Director – People**

**Report author: Lucy Fleming, Scrutiny Co-ordinator**

**Contact telephone no. 0117 9222483  
& e-mail address: lucy.fleming@bristol.gov.uk**

**Purpose of the report:**

To consider the recommendations from the People Scrutiny Commission Mental Health working group.

**RECOMMENDATION for the Mayor's approval:**

1. That the Mayor and Cabinet discuss and accept the report recommendations arising from the People Scrutiny Commission Mental Health Working group.

**Outline:**

1. The People Scrutiny Commission opted to undertake a review of mental health services as part of their work programme for 15/16 in order to ascertain whether there were additional opportunities to raise the profile of mental health issues and join up provision citywide.

2. It was agreed that due to the scale of provision, this piece of work would focus mainly on adult mental health services, and would not specifically address dementia, which was the focus of a number of existing priorities.

3. Attached is the report following the working group meeting which has been approved informally by the People Scrutiny Commission councillors and will be presented the People Scrutiny Commission Annual General Meeting on the 18<sup>th</sup> July for final approval.

4. Recommendations 1 and 2 make specific reference to the Health and Wellbeing Board and the report will also be presented to the Board on the 10<sup>th</sup> August for discussion.

5. Where recommendations are accepted by the Mayor and the Cabinet, an action plan for implementation will be produced and monitored by the Scrutiny Commission as appropriate.

**Consultation and scrutiny input:**

The working group was formed from the People Scrutiny Commission Members, chaired by Councillor Lesley Alexander – Chair of the People Scrutiny Commission 2015/16. Councillor Brenda Massey, Assistant Councillor for People 2015/16 was also invited to attend.

Public Health is located within the Neighbourhoods Directorate and the Chair of the Neighbourhoods Scrutiny Commission was invited to attend the working group meetings.

**Appendices:**

- 1 – Working group one agenda front sheet
- 2 – Working group two agenda front sheet
- 3 – Working group Agendas and presentations



## **BRISTOL OVERVIEW AND SCRUTINY**

Report of the People Scrutiny Mental Health Working Group

February 2016



## 1. Executive Summary

Bristol City Council's Scrutiny function plays a key role in helping the Mayor to develop policies that will improve services for citizens. The People Scrutiny Commission opted to undertake a review of mental health services as part of their work programme for 15/16 in order to ascertain whether there were additional opportunities to raise the profile of mental health issues and join up provision citywide.

It was agreed that due to the scale of provision, this piece of work would focus mainly on adult mental health services, and would not specifically address dementia, which was the focus of a number of existing priorities.

The full recommendations from the Working Group can be found in section 4 of this report, but the headline findings can be summarised as follows;

1. There was a need to develop a Mental Health Strategy for the whole city and enhance partnership working.
2. There were a number of quick wins that the City Council could do to raise the profile of mental health at local and national level
3. Additional steps should be taken to increase communication around the full range of mental health services available and how they could be accessed

## 2. Background and Context

There is growing awareness regarding the scale of mental health issues and the myriad of problems that can occur when conditions are left untreated. This has led to a nationwide initiative to improve both prevention and care.

Mental health services have gone through a radical transformation over the past 30 years. A model of acute and long-term care based on large institutions has been replaced by one in which most care is being provided in community settings by multidisciplinary mental health teams. These teams support most people in their own homes but have access to specialist hospital units for acute admissions and smaller residential units for those requiring long-term care.

Mental health services in Bristol are overseen by the City Council in conjunction with the Clinical Commissioning Group (CCG) and NHS England. In the spring of 2011, NHS Bristol, with the support of the then shadow Bristol CCG, took the decision to re-commission Bristol's mental health services following feedback from patients, primary care professionals and clinicians. The new mental health services were co-designed with all key stakeholders with the overarching objective of promoting quicker access to support and whole person approached care.

In November 2013, the Mayor launched his vision for the city and identified 'A healthy and caring Bristol' as one of his six priorities, highlighting mental wellbeing as a particular priority.

The People Scrutiny Commission felt it was timely to take a detailed look at services around mental health and opted to hold two workshop sessions where they could learn more about the range of provision available and identify any opportunities for change. One of these workshops focussed on the Lawrence Hill area of the city as a case study, which proved to be

an effective way to gain a deep understanding of how services fit together in one area.

Public Health is located within the Neighbourhoods Directorate and the Chair of the Neighbourhoods Scrutiny Commission was invited to attend the working group meetings. Full details of the programmes for each of the Working Groups can be found at Appendix 1.

### 3. Background Papers

A pack of information was provided to all attendees in advance of the event, which included a broad range of relevant reports to help delegates to prepare. The papers detailed key facts and figures regarding the local housing situation and also Bristol City Council's relevant policies and frameworks. The full papers can be found by following the web link below;

Web link – [Background Papers](#)

### 4. Recommendations

The People Scrutiny Commission identified the following recommendations;

#### **A Strategy for the City and Partnership Working;**

- R1 - Develop a Mental Health Strategy for the city, including a focus on public mental health and wellbeing, and ask the Health & Wellbeing Board to consider this as a priority within its Strategy refresh process. The strategy should take into account other recent data and intelligence.
- R2 - Use the Mental Health Strategy as the mechanism to strengthen relationships with key partners including the Police and the Universities. One specific example was that the Health & Wellbeing Board should be asked to add representation from Avon & Somerset Constabulary to its membership.
- R3 - Bristol City Council to facilitate a mental health summit for Bristol to bring all key partners together to identify gaps in provision and opportunities for additional joined up working. This could take place on 10th October 16 to coincide with International Mental Health Day.
- R4 - Avon & Somerset Constabulary to be invited to work with Bristol City Council's scrutiny function to monitor the appropriateness of use of the S316 Suite (accommodation used for those admitted or detained on mental health grounds).
- R5 – A review of the support available for the voluntary sector to be undertaken to develop a whole city approach and link all partners together and maximise opportunities, particularly for those providing social prescribing services. Where new initiatives are successful best practice should be shared more effectively.

#### **Opportunities for the City Council**

- R6 - Bristol City Council to use its influence to press for changes regarding national policy in respect of mental health by lobbying the government to introduce statutory Personal Social and Health (PHSE) teaching in schools.

- R7 - Schools to be encouraged to purchase the Jigsaw teaching resource (for PHSE) and work towards gaining the Mayor's Award for Excellence as a Health Improving School.
- R8 – The City Council's Overview and Scrutiny Management Board to be asked to make provision for scrutiny of mental health services city wide and across all related areas to take place at least annually. The holistic approach should include health and public health, but also other services such as planning, housing, pollution control and transport etc.
- R9 - The Mayor and elected Members to be asked to sign up to;
  - The Local Authority Mental Health Challenge (<http://www.mentalhealthchallenge.org.uk>) thus becoming a champion for mental health across the area; and
  - Time to Change (<http://www.time-to-change.org.uk>) which is the campaign to challenge mental health stigma and discrimination.
- R10 - Recognise the positive relationship between adult learning and mental health and recommend that the Learning City Partnership develop a targeted programme linking education, employment and training.

## Communication and Increasing Access to Services

- R11 – Renew approaches towards communication regarding mental health services across all providers, including web resources but should include traditional hard copies to reach all audiences.
- R12 – Develop a social prescribing pathway to enable residents to access services from voluntary and community groups, and promote the benefits amongst both potential service users and providers, including the Neighbourhood Partnership Wellbeing Grants Panels.
- R13 – Produce commissioning guidance for safe use of mindfulness for use in schools, workplaces and communities.

## 5. Next Steps

The draft report will be formally ratified at the first meeting of the People Scrutiny Commission in the 16/17 municipal year, before being referred to meetings of the Cabinet and the Health & Wellbeing Board. Where recommendations are accepted by the Mayor, an action plan for implementation will be produced and monitored by the Scrutiny Commission as appropriate.

## 6. Appendices

Appendix 1 – Working group 1 agenda front sheet

Appendix 2 – Working group 2 agenda front sheet

Appendix 3 – Web link to papers - [Mental Health Working Groups Agendas and Presentations.pdf](#)



## Bristol City Council Overview and Scrutiny – Working Group

Mental Health Services in Bristol

8th December at 9.15 am

Brunel House, St George's Road, Bristol BS1 5UY.

### Agenda

**9.15 am Refreshments**

**9.30 am Introductions by Cllr Lesley Alexander, Chair of the People Scrutiny Commission**

**9.35 am Update from Public Health (30 mins)**

Leonie Roberts - Consultant in Public Health

**10.05 am Question and Answers (15 mins)**

**10.20 am Bristol Mental Health – new mental health services in Bristol (45 mins)**

Catherine Wevill, Programme Manager MH and LD - Bristol Clinical Commissioning Group and Will Hall, System Clinical Leader, Bristol Mental Health

**11.05 am Questions and Answers (20 mins)**

**11.25 am Refreshment break (15 minutes)**

**11.40 am Care Management and Commissioning (10 mins)**

Sue Waring, Service Manager

**11.50 am Questions and Answers (10 mins)**

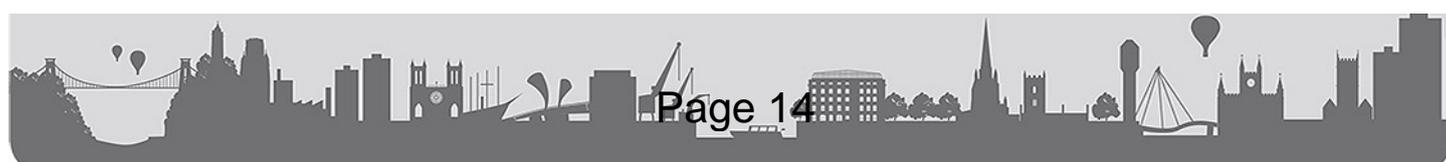
**12.00 pm Employment, Skills and Learning (20 mins)**

Jane Taylor, Employment and Skills Service Manager & Jenny Wilkes, Team Leader - Recruitment and Innovation

**12.20 pm Questions and Answers (15 mins)**

**12.35 pm Discussion and Planning for Working Group 2 (25 mins)**

**1 pm End**



## Bristol City Council Overview and Scrutiny – Working Group (Part 2)

### Mental Health Services in Bristol – A Detailed Look at Lawrence Hill

1<sup>st</sup> February 2016 at 10am

Brunel House, St George's Road, Bristol BS1 5UY.

#### Agenda

- 9.45 Refreshments
- 10.00 Introduction to the session – including a summary of the first workshop (Sue Waring)
- 10.05 Demographics of Lawrence Hill and how it compares to other parts of the city (Leonie Roberts)
- 10.20 Mindfulness (Kate Conlan)
- 10.35 Social Prescribing (Leonie Roberts)
- 10.45 Overview of services provided;
- Health (CCG/Bristol Mental Health) – 10.45 to 10.55
  - Schools (Julie Colthard) – 10.55 to 11.05
  - Learning (Jane Taylor/Jenny Wilkes) – 11.05 to 11.15
  - Community Based (Mohammed Elsharif ) – 11.15 to 11.25
  - Police (Chief Inspector Rowlands) – 11.25 to 11.35
- 11.35 Comfort Break
- 11.45 Community Access Support Service (CASS) – Monira Chowdhury
- 12.00 Case Studies;
- Elaine Flint and Rhian Loughlin, Wellspring - 12.00 – 12.30
- 12.30 Discussion – Q&A and an opportunity for Members to consider any recommendations
- 13.00 Close

**CABINET – 4 July 2016**

**EXECUTIVE SUMMARY**

**Report title: Commence tender of new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract.**

**Wards affected: City-wide**

**Strategic Director:** Barra MacRuairi

**Report Author:** John Roy

**RECOMMENDATION for the Mayor's approval:**

1. Approve the commencement of the public retendering process for new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract
2. Delegate approval for the award of this new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract to the Service Director for Place on completion of the successful procurement process.
3. This is a Key Decision based on the Council's Constitution because:
  - a. The total value of the works to be procured through this new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract will exceed £500,000 and any one single project itself may be of greater value than £500,000.
  - b. The works, during the lifetime of the new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract, would affect more than two wards.

**Key background / detail:**

- a. Purpose of report: To authorise the start of the tendering of new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract.
- b. Key details:
  1. Current provision of statutory duty services expires April 2017.
  2. Internal/External consultation conducted supports proposed approach.

**BRISTOL CITY COUNCIL  
CABINET  
4 July 2016**

**REPORT TITLE:** Commence tender of new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract.

**Ward(s) affected by this report:** Citywide.

**Strategic Director:** Barra Mac Ruairi, Strategic Director Place

**Report author:** John Roy, Group Manager Transport Assets

**Contact telephone no.** 0117 922 3118

**e-mail address:** john.roy@bristol.gov.uk

**Purpose of the report:**

To provide an update on the re-tendering process for the Council's existing Highway Maintenance Contracts and Frameworks and the Highways and Associated Works Framework (HAAWF), all to commence in April 2017. The decision to consolidate the existing Contracts and Frameworks into a single Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract has previously been made by Senior Leadership Team.

To seek Cabinet approval to re-tender the Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract. Approval for the award of the new contract models to be delegated to the Strategic Director for Place on completion of a successful procurement process.

**RECOMMENDATION for the Mayor's approval:**

1. Approve the commencement of the public retendering process for new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract
2. Delegate approval for the award of this new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract to the Strategic Director for Place on completion of the successful procurement process.

## The proposal:

3. Transport Service currently has 32 contracts in place delivering Highways Maintenance and Associated Works functions. Current contracts need to be retendered from 1 April 2017 because most of the existing arrangements expire at the end of March 2017. Excluded from this proposal are Traffic Signals and Street Lighting maintenance functions as these contracts require specialist skills that differ from those provided by Highways contracts.
4. Two reviews of our existing Highways Maintenance and Associated Works functions have been carried out, one by Consultants in 2013, and the second by Department for Transport, Highways Maintenance Efficiency Programme (HMEP), in 2014. Both reviews recommended that we should consolidate our existing portfolio of contracts in order to achieve economies of scale and avoid duplication of functions e.g. monitoring, finance etc.
5. A market consultation supported the view that the current contracts portfolio, comprising both our Highway Maintenance and Associated Works, should be consolidated and there was market support for our proposal to consolidate these into two contracts and one Framework with 14 Lots covering specific functions. Subsequent to this consultation discussions with the Bristol Waste Company have been carried out regarding future operation and delivery of our Winter Maintenance Function in line with Highways Act 1984 section 41A. Bristol Waste Company currently deliver the Winter Maintenance Function and it has been agreed that they will continue with this function from April 2017 at least until the Winter of 17/18 with decisions for future service to be agreed following the outcome of reports on the future of Bristol Waste Recycling. A Service Level Agreement, with appropriate Key Performance Indicators, currently oversees the delivery of this service.
6. The format of the of the new Highways Maintenance portfolio is as follows:
  - a. One Term Contract covering our Statutory Duty with respect to emergency response. Highways Act 1984 section 41 refers to duty to maintain the highway network and Section 58 which requires that we have suitable policies and procedures in place to maintain the highway;
  - b. Single Framework with fourteen Lots covering the range of specialist maintenance works that we require ranging from surfacing through maintenance, cleansing and surveying of drainage systems and watercourses to repairs.Please refer to Appendix 1 for more detailed description of both the proposed Contract and Framework.
7. The new Framework and Contract will adopt the principles of the Council's Social Value policy, and through the procurement of these two projects, will promote the improvement to the economic, social and environmental well-being of Bristol. In order to achieve this aim each tender will include a 10% weighting to quality score for social value outcomes. Also, in accordance with the Council's aspirations and objectives, these projects will encourage the tenderers to adopt the Living Wage for all staff employed on these projects in-line current procurement practices.

## **Consultation and scrutiny input:**

### **a. Internal consultation**

A part of this project consultation has been carried out with the following internal stakeholders:

- Finance;
- Legal;
- Procurement;
- Diversity & Equality;
- Environment Team;
- Place Scrutiny Commission;
- Assistant Mayor for Transport.

### **b. External consultation (Market Engagement)**

As part of this project the Project Board conducted the following external consultation:

- Soft market testing with other Core Cities;
- Market engagement;
- Consultation with other Local Authorities and organisations who are undertaking similar procurement exercises.

A summary of the external consultation questionnaire and responses can be found at Appendix 2. The overview from market engagement was positive on the proposed approach. Comments were that other organisations were using similar models e.g. Highways England. Over 40 responses were received to the market engagement with over 70% positive to the approach and only 2 companies suggesting a fully integrated model with the remainder suggesting minor amalgamation of the lots. The response from both Assistant Mayor for Transport and Place Scrutiny Commission was that the design of the new Framework and Contract should be such as to offer the widest opportunities for engagement with SME providers. In addition both the Framework and Contract should provide for greatest Social Value benefits e.g. number of apprenticeships, payment of Living Wage etc.

## **Other options considered:**

Three other options were considered:

- Maintain the current model - Although enter into new procurement process as existing Contracts and Framework expire at the end of March 2017. This option was discounted as no foreseeable benefits would be delivered by it. Indeed, all the current disadvantages (duplication, function overlap, administratively intense) would have been maintained with no likely cost-saving outcome.
- One single contract – Consolidation into a single contract was advised against by both the external reviews because our current position with respect to using Asset Management in determining work priorities would be potentially risky. We needed to formalise and embed in our IT systems our current Performance Monitoring system. The purchase of both CONFIRM (new Transport Asset Management system operational from April 2016) and Pro-Contract (new online Procurement system) will allow for this. It was also felt that tendering all works in one contract would discourage SME providers for bidding for work, many of whom currently provide existing works.

- Dynamic Purchasing System – Consideration has been given to the appropriateness of using a Dynamic Purchasing System (DPS) for the new Framework and Contract. Ernst and Young Consultants, appointed to advise the Council on appropriate procurement systems, advise that savings of between 4-10% could be achieved by use of DPS. The Project Board received a report from the Procurement Team which outlined their recommendations, please refer to Appendix 3. The view of the Project Board, after considering the recommendations of this report was to reject DPS as an appropriate form of contract for the following reasons:
  - Significant additional work would be required to run tender processes for each and every project offsetting any predicted savings;
  - Tender prices can be adjusted at anytime by providers. This means that the Council cannot effectively budget plan as costs can increase or decrease, but in a buoyant market, such as we are in now, it is likely to mean increasing costs;
  - A further impact of ability to adjust prices is that a greater number of different contractors may win works under a DPS arrangement. The result of this would be that it would be more difficult to build proactive working relationships with providers;
  - Block Contracts – This means that the Council guarantee to procure defined amounts of work under the contract. Officers believe that this is not an appropriate form of contract for the new Framework and Contract for the following reasons:
    - Officers have no idea what future bids or projects Government maybe bringing forward so could not commit funding;
    - In using Asset Management principles for our future maintenance programmes we may decide to change the emphasis of spend e.g. moving funding from roads to structures so not being able to fulfil contracted spend forecasts in any specific areas of work.

**Risk Assessment:**

<b>7. Risk</b>			
<i>What are the risks associated with this project?</i>			
<i>Risk</i>	<i>Impact / Probability (High; Medium; Low)</i>	<i>Mitigating action</i>	<i>Responsibility</i>
<b>IF</b> there is a delay with project programme e.g. Procurement resources, <b>THEN</b> delivery schedule is not met.	H/M	Set appropriate planning, forecasting and consultation processes; perform suitable controls and reviews, improve communication with all Project Board. SRO and Senior Suppliers to ensure appropriate resources in place or seek additional resources in such scenario.	Project Manager SRO and Senior Supplier
<b>IF</b> insufficient number of responses or no response from market, <b>THEN</b> may need to	H/L	Market engagement approach followed to date would suggest that this scenario is unlikely	SRO

undertake the process again, poor competition, no value for money.		based on number of responses to pre-tender engagement.	
<b>IF</b> there is challenge to tender process e.g. evaluation, assessment procedures, <b>THEN</b> delay to award of contract may occur resulting in no service being in place for April 2017	H/L	Ensure evaluation members have adequate tender assessment training and appropriate resources are put in place in good time. Ensure detailed records are maintained throughout tender process.	Project Manager and Senior suppliers, Procurement
Risk of overspend on either Framework or Contract	H/L	Approved budgets will be matched to works procured under either the Framework or Contract. There is also no guaranteed level of spend for providers under either the Framework or Contract.	Senior Users

**Public sector equality duties:**

***Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:***

***i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.***

***ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:***

***- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.***

***- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);***

***- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.***

***iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.***

Please refer to Appendix 4 for Equality Impact Assessment Screening Form which has been completed. This currently does not identify any major issues or concerns. The design of any works, especially new ones as opposed to maintenance works, which would then be procured through this new Framework and Contract arrangement would be subject to a separate Equalities and Impact Assessment process.

## **Eco impact assessment**

An Eco Impact Assessment has been carried out and can be found at Appendix 5. No significant impacts have been identified at this time.

### **Resource and legal implications:**

#### ***Finance.***

This exercise is aimed at consolidating the contracting arrangements for highways maintenance. There is no direct financial impact upon the council as the contracted suppliers will provide services to the council within the budget available.

**Advice given by** Mike Allen, Finance Business Partner

**Date** 16<sup>th</sup> May 2016

### **b. Financial (Capital) implications:**

There are no capital implications from the proposed change in contracting for highways maintenance services.

**Advice given by** Mike Allen, Finance Business Partner

**Date** 16<sup>th</sup> May 2016

### **Comments from the Corporate Capital Programme Board:**

Not applicable at this time

**Advice given by** Mike Allen, Finance Business Partner

**Date** 16<sup>th</sup> May 2016

### **c. Legal implications:**

#### ***Procurement compliance***

Full advice and support is being provided by Legal Services to enable this procurement process to be carried in full compliance with EU procurement regulations, the Public Contracts Regulations 2015 and the Council's own Procurement Regulations.

#### ***TUPE***

Enquiries will need to be made of incumbent providers to identify when Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) might apply for the purpose of informing this current tender process and any subsequent mini-tender exercises under the framework. Contract documents will need to include terms to cater for the application of TUPE at the beginning and end of any contracts awarded under the new framework.

#### ***Social Value***

The Public Services (Social Value) Act 2012 (Social Value Act) requires the council to consider at pre-procurement stage of any services contract:

- how the services to be procured may improve the economic, social and environmental wellbeing of its area; and
- how the council may conduct the procurement process with a view to securing that improvement.

Social Value Act compliance will be achieved with the decision to include a 10% weighting to quality score for social value outcomes in the contracts referred to in this Report provided that criteria are compliant with procurement legislation.

Contracting authorities must award all public contracts on basis of “the most economically advantageous tender”. For a compliant procurement, social value considerations used in assessing the most economically advantageous tender must:

- be relevant and linked to the subject matter of the contract; and
- be proportionate to the needs of the contracting authority and not discriminatory.

There is no lawful scope to specify the same social value criteria to all procurement exercises on a blanket basis; this includes for example, requiring the Living Wage for all staff engaged on a Council contact, or that employees of contractors reside local to Bristol. Social value issues can be considered on a case by case basis and applied where they are relevant and proportionate to the subject matter of an individual contract.

Legal Services will continue to support this project to apply the Council’s Social Value Policy in a compliant way for this framework and in its individual contracts.

**Advice given by** Michael Bonnick, Legal Officer & Jane Johnson, Team Leader  
**Date** 17 June 2016

**d. Land/Property implications:**

There are no specific property implications from the proposed change in contracting for highways maintenance services.

**Advice given by** Steve Matthews, Asset Delivery Manager  
**Date** 24 May 2016

**e. Human resources implications:**

There are a number workforce issues relating to the existing service providers and this is set out in Legal Services advice above. There are no HR implications in respect of the council’s workforce.

**Advice given by** Mark Williams, HR Business Partner  
**Date** 16<sup>th</sup> May 2016

**Appendices:**

- Appendix 1 – Detail of proposed Contract and Framework;
- Appendix 2 – Summary of market engagement responses March 2016;
- Appendix 3 – Procurement Team summary of Dynamic Purchasing System and relevance to the new Highway Maintenance and Associated Works Contract and Framework;
- Appendix 4 – Equality Impact Assessment Screening Form;
- Appendix 5 – Eco Impact Assessment

## Appendix 1 Proposed Contract and Framework Model

The current edition (2013) of the New Engineering Contract (NEC3) suite of contract forms will be used for each contract in this retendering process.

The most appropriate contract variant in each case, is as follows:

### NEC 3 Framework Contract (FC):

This will be the agreement for the Framework itself.

### NEC 3 The Engineering and Construction Contract (ECC) The Engineering and Construction Short Contract (ECSC)

One of these main variants will be used for each of the 13 individual Lots. The choice of form in each case will depend upon the value, nature and complexity of the work undertaken within each Lot. Payment to the Contractor and risk allocation will be achieved by incorporating either Option A, in which the contract is priced with an Activity Schedule or Option B, in which the contract is priced with Bills of Quantities. The option chosen will again depend on value, nature and complexity of the work in each Lot, and the extent to which the required work can be defined at the outset.

In common with other Council construction contracts, the terms and conditions of the standard NEC 3 contract form will be amended and further bespoke clauses added, to reflect the Council's exact requirements.

#### 14 Lots

No.	Work package
1	Machine Laid Surfacing
2	Surface Dressing and Micro Asphalts
3	High Friction surfacing and Coloured surfaces
4	Slurry seal and preventative treatments
5	Road Marking
6	Highways and Associated works up to £1m
7	Highways and Associated Works over £1m to EU threshold
8	Drainage Cleansing, Pump maintenance and Watercourse Maintenance
9	Drainage Engineering
10	Minor Bridge Repairs and Walling Works Contract
11	Painting Works to Highway Bridges and Structures
12	Blacksmith Works to Highway Structures
13	Geotechnical and Ground Investigation
14	Temporary Traffic Management

**NEC 3 Term Services Contract (TSC):**

This will be the contract for the Council's Statutory Duty and Emergency Response requirement:

1 no. Term contracts

No.	Work package	Amount
1	Defect response and emergency works	£1.3m

## Appendix 2 – Market Engagement Questionnaire and Summary of responses

<b>BRISTOL CITY COUNCIL</b>
<b>Market Engagement - Questionnaire</b> <b>February 2016</b>

Bristol City Council currently has a number of existing contracts, some frameworks some contracts, for which it uses to carry out its Highway Maintenance functions and procure contractors for new build e.g. MetroBus programme. We are looking to bring these existing contracts into a consolidated new procurement process which will comprise the following:

1. Two Term Contracts covering our Statutory Duties with respect to emergency response and Winter response;
2. One single Framework with thirteen Lots covering the range of maintenance works that we require ranging from machine laid surfacing through maintenance, cleansing and surveying of drainage systems and watercourses to structural steel repair and new works in the highway and public realm.

Bristol City Council is keen to work in partnership with Industry providers and design the new contract and procurement process as far as permitted by the Public Contracts Regulations 2015 to assist industry providers meet their needs and operational requirements. The purpose of this questionnaire is to seek to better understand your challenges and hence tailor the new contract to meet those. In this way Bristol City Council can work more in partnership with the Industry and aim to deliver more efficient and effective services to the residents, businesses and visitors to Bristol City Council. Please respond to the following questions and limit your responses to the questions detailed in this questionnaire only.

**For each question, please limit your answer to a maximum of 400 words.**

Bristol City Council will provide a written summary of the answers to the questionnaire to all those people who respond to the PIN notice irrespective of whether you complete the questionnaire or not. This summary will be company non-specific. This summary will indicate any lessons learnt that we may be considering for inclusion in the new contract.

### **Questions:**

1. Please provide your name, contact details and email address as we may wish to discuss your responses further on a one to one basis.

Answer:

What is your Company's level of interest and ambition in terms of in working in Bristol? Please rank between 1 and 5 (where 1 is not interested and 5 is where Bristol is of significant importance to your company). Please provide your key

strategic reasons for wanting to work with Bristol City Council, outlining what wider benefits your company would bring to the City of Bristol, its residents, businesses, visitors and the Council itself.

2. Bristol City Council is interested in your views as to what would be an attractive or appropriate commercial contract model to your company in delivering highway services for Bristol City Council. Currently the model that we are considering is detailed below and splits simply between one Framework, with 13 Lots, some of which may be set up to accept a series of Contractors for assessment against a Schedule of Rates or subsequent mini-tendering of individual Contracts and frameworks and two Term Contracts covering our statutory duties.

Is the number of Lots that have been identified below appropriate or do you think we should be looking at bringing Lots together, to reduce the number, or alternatively separating the work areas out? In your opinion, could the contract be structured more efficiently to allow your Company to deliver greater savings or benefits to Bristol City Council? Please provide outline details In answering this question please explain what additional benefits your Company could bring with a different contract model? We would be interested to receive comment regarding the appropriate length of contract for the two Term Contracts.

### 1 Framework Contract with 13 lots

No.	Works	Framework Duration
1	Machine Laid Surfacing	4 years
2	Surface Dressing and Micro Asphalts	
3	Surfacing	
4	Seal and preventative treatments seal and preventative treatments	
5	Markings	
6	Highways and Associated works up to 1 million GBP	
7	Highways and Associated Works over 1 million GBP	
8	Highways Drainage	
9	Drainage Engineering	
10	Minor Bridge Repairs and Walling Works	
11	Painting Works to Highway Structures	
12	Steel Fabrication to Highway Structures	
13	Geotechnical and Ground Investigation	

### 2 Term Contracts

No.	Works	Contracts Duration
1	Winter Maintenance	4 or 8 years
2	Highway Maintenance & Minor Improvements	4 or 8 years

3. In response to the Public Services (Social Value) Act 2012, Bristol City Council wishes to encourage employment, education, training work placement and apprenticeship opportunities through these work streams. It is recognised that demands placed on the successful Tenderers must be proportionate and must not impose such a burden that the successful delivery of the projects on time and within budget is placed at risk.

Bristol's priority groups:

- Long term unemployed individuals
- Care Leavers
- Individuals from groups traditionally underrepresented in the construction sector, e.g. women and people from BME communities

Bristol City Council aspirations are:-

- that a minimum of 25% of external expenditure is delivered through Small and Medium Enterprises (SME's), 3rd sector and voluntary organisations.
- that 50% of the labour force working on these projects t will be from the West of England (former Avon area) including 25% from Bristol (BS1 to BS16).
- the tenderer intends to maximise opportunities for Bristol's priority groups
- the tenderer will meet Bristol's aspiration for training and apprenticeships

If you were successful in this procurement exercise what would your Company do to assist BCC in achieving its aspirations under the Public Services (Social Value) Act 2012?

Answer:

4. Parent Company Guarantee (only for firms that have a parent company)

If you are the successful tenderer for either the term contracts or a call-off contract over the value of 500,000 GBP, Bristol City Council will require your parent company to enter into a Parent Company Guarantee, which would operate in the event of any serious and / or permanent default in your performance of the contract. The wording of the PCG will be the standard wording required by Bristol City Council. Has your parent company entered into Parent Company Guarantees for similar contracts previously?

Answer:

If so, has your parent company ever objected to the terms and conditions required by the Employer, or requested significant alterations thereto?

Answer:

5. The successful tenderers will be required to provide a Performance Bond in the sum of 10% of the term contracts or a call-off contract over 500,000 GBP. The

wording of the Bond will be the standard wording used by Bristol City Council for other contracts. Would you be able to provide such a Bond?

Answer:

6. The Government has set a target that all centrally-funded projects or programmes must use Building Information Modelling (BIM) by April 2016. Please confirm that your Company is BIM capable and describe projects where you have used BIM.

Answer:

7. Bristol City Council is working with Businesses across the City to meet its target of Bristol being a carbon neutral city by 2050. Please explain how your Company would help meet this target whilst delivering services to Bristol City Council? A non-exhaustive list of issues to consider includes noise pollution, waste management and recycling of existing highway materials.

Answer:

8. Bristol City Council is very keen to develop partnership working with any successful contractors. What would your Company do to promote and enhance better partnership working? In particular, please outline how your Company's approach to this initiative improve service to the residents and businesses of, and visitors to, Bristol? Please explain how you monitor and report on customers experience of work that you undertake on behalf of Bristol City Council.

Answer:

9. Bristol City Council takes the safety of its residents and visitors very seriously, including the road safety of vehicles and drivers in its own fleet and those of its contractors' and suppliers' vehicles. As part of an initiative to improve the safety of Bristol's roads and reduce the number of accidents and fatalities generated by heavy traffic, the Council is considering introducing schemes such as FORS <http://www.fors-online.org.uk/cms/> and CLOCS <http://www.clocs.org.uk/> for its own fleet. We welcome any comments you may have on these initiatives. Please also outline what your company currently does, or is intending to do, to improve road safety in your fleet and of your drivers and list any schemes of which you are already members.

Answer:

# Highways Maintenance Contracts Portfolio – Retendering Services

## Market Engagement – Questionnaire response analysis - 1 March 2016

Panel: Michael Bonnicks (Legal), Razvan Constantinescu (Contracts), David Prosser (Engineering Design), John Roy (Group Manager), Shaun Taylor (Group Manager), John Thompson (Procurement)

### **Introduction**

The following paragraphs represent a summary of the second stage of the market engagement exercise conducted by Bristol City Council (BCC) as part of the retendering exercise for its consolidated portfolio of highways maintenance contracts. The package proposed through the consolidation exercise consisted of 1 Framework Contract (13 Lots) of 4 years duration and 2 Term contracts of 4 to 8 years duration.

The invitation to comment on a structured questionnaire was issued to over 50 firms operating in various areas of expertise on the UK and regional market, and who expressed an interest in BCC's new portfolio of highways maintenance contracts.

In total, BCC received **38** completed questionnaires which represent approximately **70%** of the total number of firms expressing an interest – an excellent response rate, confirming a genuine interest in the market in BCC package, and providing us with a substantial amount of market intelligence and strategic perspective.

### **Summary of findings**

#### **Question 1B - Level of interest in working with BCC**

- 20 respondents were SMEs and 15 were T1 and T2 contractors
- 27 respondents ranked their interest in the BCC package at 5
- 3 respondents ranked their interest in the BCC package at 4 and 5 gave no ranking
- 11 respondents were existing BCC contractors
- 6 respondents previously worked with BCC

#### **Question 2 – Attractiveness of the proposed package**

- All 20 SMEs and 5 respondents T1 and T2 particularly supported the proposed approach
- 9 respondents suggested reducing the number of lots
- 5 respondents suggested reducing the surfacing lots

- 2 respondents suggested merging the entire package into a 1 contract
- 2 respondents T1 and T2 suggested 1 fully integrated contract
- General support for the longer 8 years contracts.
- SMEs particularly appreciative of the opportunity to bid for work in their specialist areas.
- 50% of respondents suggested merging the two term contracts and a longer period of 8 years. Many SMEs positive about access to work direct for specific lots and working for BCC directly as specialist providers. Suggested this would provide better value for public money. Two larger companies sought an integrated term maintenance contract based on reduced overheads, better interface with BCC, consistent team, greater certainty of work lead to investment, flexible workforce to suit increment weather and incidents – combining capital and revenue, better coordination, better buying power, flexibility for access to other specialist suppliers. One recommended HMEP form option A, C and E. Some firms suggested combining lots: just have 5 (Surfacing, lot 6 and lot 7 + Structures and Geotech). Reason - hard to put schemes in specific lots, help with work continuity. Combine the surfacing lots (a few suggested this). Also one suggested joining the drainage lots together into one. Good to keep specialisms separate – would help to know better definition of what falls in each lot. Split lots further or add lots – particularly the drainage maintenance and new and add specialist surveys lot. Need annual or biannual review of rates ref inflation – requested by many. Duration: General comments suitable – 8 years preferred for contract. Some suggested option to extend framework for 2 years if possible. Others that framework should be 8 years long giving the reason that a longer contract provides more ability to invest. Concern was expressed about not knowing the spend for lots 6 and 7 in advance. All 20 SMEs and 5 respondents T1 and T2 particularly supported the proposed approach. Competition: Many like the extended element of competition. Another suggested mini-tendering competition for works below 1 million. One contractor suggested start of contract be staggered for the lots – progression of new contractors starting. Many suggested the combining of the service contracts for winter + Highways maintenance to help with workforce management. Geotech firms particularly liked the framework approach.

### **Question 3 – Social Value\***

- Responses were relatively limited in detailed information provided
- 13 respondents provided responses with a varied degree of detail
- Majority of respondents suggest that accurate KPIs are a MUST
- Very useful suggestion of sharing Apprentices across lots for better exposure and training opportunities.

*\*For further information of BCC policy on Social Value please see attached link:*

<https://bristol.citizenspace.com/business-change/creating-social-value>

#### **Question 4 – Parent Company Guarantee\***

Most firms responded.- 6 respondents commented they do not have a parent company.

All 20 SMEs and 5 respondents T1 and T2 particularly supported the proposed approach

- 13 respondents confirmed that they will be able to provide a PCG in accordance with BCC's standard wording.
- 7 respondents confirmed they would be able to provide a PCG but conditionally, wishing to agree the wording first.
- A small number of respondents commented they have previously objected to the detail and wording of standard PCG's.
- 1 local authority and 1 firm failed to reply.
- 1 local authority replied explaining why a PCG was not necessary in their case.

*\* Bristol City Council reiterates that the PCG is a non-negotiable precondition of every contract entered into under this package, including the wording of the PCG issued with the Invitation To Tender documents.*

#### **Question 5 – Performance Bond\***

- 21 respondents did not foresee any problem in providing a PB
- 3 respondents commented that a PB is not necessary for the nature of their work; without further investigation, it is not known whether these respondents are able to provide the required bond.
- 1 respondent commented that they cannot offer a PB
- 11 respondents confirmed they will offer a PB conditionally, wishing to examine and negotiate the wording first.

*\*Bristol City Council reiterates its requirement for a 10% PB for every contract over £500,000 entered into under i.e. any call off Contract from the Framework and both Term Tender contract.*

#### **Question 6 – Building Information Modelling\***

- 19 respondents commented that they are fully compliant with BIM
- 6 respondents commented they are not compliant with BIM
- 5 respondents commented BIM is not applicable in their case
- Some contractors feel that the lots that they are tendering for are not required to be BIM compliant.
- The larger contractors tended to be BIM compliant with examples provided, however most of the SMEs were are not at the moment but were willing to work towards BIM compliance

*\* Bristol City Council encourages SMEs to look at PAS1192 and produce a BIM Execution Plan.*

### **Question 7 – Environment\***

- General support for BCC's environmental aspirations to become carbon neutral by 2050
- All but one firm commented in support of BCC target with useful suggestions including:
  - a) monitoring of carbon use, assessing whole life costs and offer to produce environmental mgt plans at start:
  - b) Noise pollution
  - c) Waste Management
  - d) Energy use
  - e) Well maintained plant
  - f) Recycling – measurement and facilities
  - g) Carbon use tracking of vehicles offered by many – some working towards becoming carbon neutral businesses
  - h) Supplier locations
  - i) Cold application materials to replace need to heat asphalts, road markings and anti-skid treatments etc.
  - j) Planting trees?
  - k) Carbon fibre bridge structures
  - l) Various examples of the projects they have been involved in that have won awards and met specific targets.

### **Question 8 – Collaborative working**

- All respondents provided useful answers with different levels of detail and specific examples on how best to achieve effective collaborative working
- Very useful examples on achieving BS11000 and other cost saving tips
- Among the top listed recommendations were: transparency, reputational protection and supply chain management, benchmarking and customer service
- Mutual trust and cooperation (NEC principles)
- Most respondents referred to Early contractor involvement

### **Question 9 – Safety**

- 28 firms responded they were signed-up on schemes such CLOCS, FORS or similar
- 5 respondents commented they were in the process of preparing and applying for such schemes
- 14 respondents described alternative schemes they were members of
- Vast majority of respondents commented they were fully committed with 20 respondents providing actually more than the BCC's requirements

### **Next steps**

Bristol City Council's appointed Project Team will carefully consider all responses and review the proposed package accordingly.

Respondents who would like to further comment on the above summary are invited to a second round of commentaries and suggestions by 15 March 2016.

Ends.

## **APPENDIX 3 - Dynamic Purchasing System (DPS) V Frameworks**

### **For Highways & Construction Projects**

#### **1.0 Introduction**

- 1.1 The Public Contracts Regulations 2015 (34) amended the rules surrounding DPS making this procurement method easier to use with less risk of a challenge. The rules for frameworks have not changed.
- 1.2 DPS is a procedure available for contracts for works, services and goods, 'commonly available on the market', largely off the shelf that can be closely specified in advance.
- 1.3 1.2 BCC has identified the use of DPS contracts as a key means of streamlining how goods/services are purchased as well as reducing costs. Benchmarking against existing DPS contracts across local authorities indicates the savings are usually in the range of 4% to 8%. Although such savings would need to off-set against any general price rise in the external market. BCC has engaged employed Ernst & Young (EY) to (in partnership with Corporate Procurement) assess areas of spend across the council to determine where DPS contracts would add value and where savings can be achieved with no loss of services through the use of DPS.
- 1.4 This report considers the possible practical application of introducing a new DPS compared to setting up a new framework.

#### **2.0 DPS**

- 2.1 The Public Contracts Regulations 2015 (34) governs how a DPS is to be established and function through its lifetime.
- 2.2 In a more volatile economy some supplier stop trading and new companies are being launched at record-breaking levels. This can be a problem with existing frameworks. A DPS, in principle, can reduce this risk by allowing new suppliers to join during its lifetime.
- 2.2 The basic concept of a DPS is:-
  - BCC can set any period for a DPS. This can be more than four years.
  - New suppliers can apply to join a DPS at any time during its lifetime.
  - Easier access for SME's for public contracts and encourages new suppliers to enter the market.
  - Allows the market to provide competitive prices for each call-off contract.
  - BCC is unable to restrict the number of suppliers to each category within a DPS, subject to the supplier passing technical, financial, quality, suitability assessment stage.
  - All call for competition has to finalise their evaluation within 10 working days after the tender closing date. This process may be prolonged to 15 working days in individual cases where justified, in particular because of the need to examine additional documentation or to otherwise verify whether the selection criteria are met.
  - BCC has to allow the market to adjust their prices for each competition.

- Block contracts guarantee a certain volume of business with a provider, over a set period of time to an agreed written specification, at a fixed price. These can be set up through a DPS reducing the burden of developing detailed quality, financial etc. standards for each block contract.

### 3.0 Framework

3.1 The Public Contracts Regulations 2015 (33) governs how a framework is to be set up and how it should work through its lifetime.

3.2 The basic concept of a Framework is:-

- BCC can set any period up to a maximum of four years unless there is justification for a longer period which would not apply to either highway or construction projects.
- Once the suppliers have been placed onto a framework no new suppliers can be added during the lifetime of the framework.
- Mini competition allows suppliers to provide competitive prices for each call-off project.
- BCC can set the suppliers rates / prices for any length of time as stated within the framework agreement.
- BCC can limit the number of suppliers on any 'Lot' except 2 suppliers without justification.
- No time limit to evaluate mini-competition except whatever the framework conditions state.

### 4.0 Practical Application

#### 4.1 Existing Framework

Before BCC project team consider setting up any new frameworks or DPS's, the project team should consider using existing internal or external frameworks as this reduce the risk of a procurement challenge and the project team's procurement costs.

#### 4.2 Computer Systems Compatibility

When deciding whether to set up a framework or a DPS the project team needs to consider how any call-off contract or call for competition will be managed through Pro-Contract and any links to other computer systems which will be used to order such contracts.

Although Housing Delivery will use Pro-Contract to run a call for competition within future DPS projects the actual contract order, on completion of the call for competition, will be issued through Civica computer system. Therefore, any decision whether to set up a framework or a DPS needs to consider the officers time required in duplicating the Pro-Contract successful tenderers details onto Civica to allow for a contract order to be raised. Unless 'Block Contracts' are used Housing Delivery would need to set up a new contract on Civica for every call for competition project.

Highways currently use a set of priced rates from their standalone computer system to raise individual planned maintenance contracts. If Highways was to continue with this

working practice it would mean that every time there was a call for competition, through a DPS, Highways would have to amend these priced rates on their standalone electronic system for any existing DPS tenderer that altered their prices or add any new tenderer prices before Highways could raise a new individual contract.

#### 4.3 Site Access

Although you can limit the number of successful tenderers onto a 'Lot' within a framework this is not an option for categories within a DPS. In practice this could mean there are between 4 to 10 tenderers on each category but this number could increase during the lifetime of the DPS project. Therefore, the project team needs to consider how many tenderers will need access to a site to allow them to prepare their tender bid. This is especially a concern when tenderers have to gain access to council tenant's home or a restricted site. Block contracts, awarded off the DPS, may be a suitable solution in certain areas.

#### 4.4 Social Value Benefits

BCC has obtained substantial benefits from a recent framework regarding employment and training opportunities. However, it is unlikely tenderers on a DPS project would make a reasonable offer due to the transactional way a DPS works. Therefore, there is potential risk that some of the additional social benefits that may be achieved through the council's new Social Value policy could be at risk where DPS are used to procure future projects, as competitors in the market may have less incentive to deliver additional employment and training opportunities due to the lack of guaranteed work (unless the BCC use the 'Block Contract DPS method').

However, other social value can be generated by DPS through encouraging development of new market entrants, ability for local business and SMEs to win more council work thereby creating employment opportunities. Also as DPS has to be fully electronic there is less paper associated with the process having a positive impact on the environment.

#### 4.5 Market Engagement

DPS are able to stimulate the market and encourage providers to deliver new services. However, the highway and construction industry are fully developed competitive, buoyant markets. Currently both markets lack skilled workforce and competition in the region is high, which has resulted in contractors being able to 'pick and choose' the projects they wish to tender for. Current market research and analysis trends indicate contractors have adopted a strategy of targeting their resources in tendering for opportunities in which they have a genuine prospect of being awarded a contract i.e. 4 to 5 other tenderers expressing an interest. Therefore, project team needs to consider whether a DPS with potentially a large number of tenderers on each category will actually result in BCC receiving any bids. A framework can limit the number of successful tenderers on each 'Lot' which can mitigate the external market concerns.

#### 4.6 Contract Management

When a project team decide whether to set up a new framework or a DPS consideration needs to be given as to how any new contractual obligations, performance and supplier

relationships is to be managed. Although a tender bid is likely to offer improvements in service and reduce costs through either a framework or DPS the project team will need to carefully manage the overarching framework or DPS together with individual contracts to ensure the commitments within the tenderer's bid are delivered and remain compliant.

Limited number of contractors on a framework may be easier for the project team manage the overarching framework compared to an unknown and changing number of suppliers on a DPS project leading to better and long term supplier relationships resulting in improved performance, innovation, service improvements and reduced costs or additional value.

#### 4.7 Block Contracting

Block contracts, under a DPS project, guarantee a certain volume of business with a provider, over a set period of time to an agreed written specification, at a fixed price. This arrangement, in principle, could resolve some of the disadvantages of a DPS compared to a framework as mentioned in 4.2, 4.3, 4.4 and 4.6 above but would require highways to deliver their planned maintenance using different working methods. This method of using a DPS would also require BCC to make a payment for the guaranteed contracted volume irrespective of how much of the service is actually called off.

Advantages:

- Supports development of long term relationships.
- Secures capacity in the market at known rates - increased confidence in ability to deliver sustainable savings or additional value.
- Gives certainty for providers and sustained income.
- Should achieve economies of scale and reduce transaction costs.
- Secures capacity in the market where demand exceeds supply and other organisations are competing for capacity.

Disadvantages:

- BCC would need to identify the type and number of individual contracts for the period covered by the 'Block Contracting', 6 to 12 month period.
- BCC may end up paying the contractor 'extra money' if block contracts are underutilised.

#### 4.8 Overall Savings

The project team needs to carry out a cost benefit analysis, set the potential costs savings from a DPS project against the overarching costs of running a DPS project compared to a framework and a robust business case needs to be considered and signed off for both options before a final decision is made on which procurement procedure is used.

#### 4.9 Resources

If the project team decide to use a DPS, they need to ensure there are sufficient resources available to complete an evaluation within 30 days (DPS creation round) and 10 working days following a call for competition.

## **5.0 Conclusions**

- 5.1 Although both procurement methods will provide legally compliant projects, the project team needs to consider whether BCC should change their current working practices in order to achieve the estimated 4% to 8% savings that a DPS generally should deliver.
- 5.2 The project team needs to consider the overall costs of running a DPS compared to a framework.
- 5.3 The project team needs to consider how to minimise the impact to the service and the risk to the council's Social Value policy if a decision is reached to use a DPS.
- 5.4 DPS' are on the whole more flexible, user friendly and easier to call off despite some potential back office challenges that may require thinking.

## **6.0 Recommendations**

- 6.1 Each project for Highways and Construction should consider a DPS at the earliest stages of a project. If a DPS is not achievable for that project a record of the reasons for that decision is recorded and placed on Pro-Contract.

## Appendix 4 - Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

<b>What is the proposal?</b>	
Name of proposal	Highways Maintenance and Associated Works new Contract and Framework
Please outline the proposal.	<p>The Place Directorate is seeking permission from Cabinet, meeting July 5<sup>th</sup> 2016, to commence a new procurement process for Highways Maintenance and Associated Works Contract and Framework to commence in April 2017. This new contract model will replace an existing portfolio of Highways Maintenance Contracts, 32 in number, expiring in March 2017 and an existing Highway and Associated Works Framework (HAAWF) overseen by our Engineering Design Team which expires at the end of November 2017.</p> <p>This new Contract and Framework will cover all of our highway maintenance functions, including emergency response, and the procurement of all new highway and urban realm improvements. Examples of works currently delivered by the latter include Better By Bus Area, Cycling Ambition Fund, MetroBus etc.</p>
What savings will this proposal achieve?	There are no target savings to be provided by this proposal. The process is required because the portfolio of existing Contracts and Framework expire at the end of March 2017. It is highly likely that costs will increase as the construction market is considered buoyant.
Name of Lead Officer	John Roy, Group Manager Transport Assets

### **Could your proposal impact citizens with protected characteristics?**

(This includes service users and the wider community)

Please outline where there may be significant opportunities or positive impacts, and for whom.

The new Contract and Framework will procure contractors and providers to deliver highway maintenance functions and the construction of new works in the urban realm. This will provide significant opportunities to upgrade, and build modern infrastructure, in line with current standards (Government Department for Transport Standards),

guidance and best practice for highways in the urban realm. This should improve the experience and impact on citizens with protected characteristics using the existing Transport network and urban realm. Simple examples of such works could include repair of broken paving, dropped kerbs with tactile markings, raised bus stops etc.

Please outline where there may be significant negative impacts, and for whom.

There could be significant negative impacts during the construction of maintenance or new works. However the impact on citizens with protected characteristics would only be temporary and would be managed by Construction Design and Management Regulations which are overseen by the Council or their appointed bodies. However there will be guidelines within the contract that aim to ensure access is maintained as far as possible – e.g minimising obstructions to footways, guidance on where works vans can park etc?

**Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

The procurement of a new highway maintenance contract will not impact on existing council staff. There will be no changes to working hours or conditions, no changes of job roles and no reductions in posts as a result of this process.

Please outline where there may be negative impacts, and for whom.

**Is a full Equality Impact Assessment required?**

Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living) ?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

No. This proposal concerns the procurement of a new highways maintenance contract only, not the design of individual schemes. The design of new schemes will be subject to the Transport Service’s Quality Assurance process which requires the production of an EqIA for each individual scheme. The consideration of the impact of each new scheme on citizens with protected characteristics will be considered as part of this process.

Service Director sign-off and date:



Peter Mann, Service Director Transport  
24.5.16

Equalities Officer sign-off and date:

Anneke Van Eijkern, Equalities Officer

## APPENDIX 5 - Eco Impact Checklist

<b>Title of report:</b> Highways Maintenance and Associated Works Contract and Framework.				
<b>Report author:</b> John Roy, Group Manager, Transport Assets				
<b>Anticipated date of key decision;</b> Cabinet 5 <sup>th</sup> July 2016				
Summary of proposals:				
<p>The Transport Service currently has 32 contracts in place delivering Highway Maintenance and Associated Works functions. To consolidate our existing portfolio of contracts in order to achieve economies of scale and avoid duplication of functions, the Highway Maintenance and Associated Works will be a single framework with thirteen lots covering the range of maintenance works that we require ranging from machine laid surfacing through maintenance, cleansing and surveying of drainage systems and watercourses to structural steel repair. There will be separate contracts for emergency response, traffic signals and street lighting maintenance functions.</p>				
Will the proposal impact on...	Yes/No	+ive or -ive	If Yes...	
			Briefly describe impact	Briefly describe Mitigation measures
Emission of Climate Changing Gases?	Yes	-ive	<p>Works are likely to be delivered by vehicles with diesel emissions</p> <p>Works are likely to contribute to traffic congestion.</p>	<p>Tender questions should include consideration of the emissions from the use of road going vehicles, non-road mobile equipment, and travel planning for works within the AQMA (Air Quality Management Area).</p> <p>The contractors will comply with requirements to reduce the impact of works on traffic congestion. Tenders should also be marked on innovative responses to improve traffic congestion.</p> <p>Disruption to bus and cycle lanes, and pedestrian walkways will be minimised during works, to encourage people to continue using these modes of travel.</p>
Bristol's resilience to the effects of climate change?	Yes	Likely to be -ive	<p>Works are likely to be delivered by vehicles with diesel emissions</p> <p>Works are likely to contribute to traffic congestion.</p>	<p>Stipulate in contract documentation the level of recycled materials that are to be used, the incorporation of adequate flood resilience and SUDS, measures to</p>

			<p>Works may contribute positively or negatively to flood resilience, the impact of air pollution, maintenance requirements, and the urban heat island effect. This will mainly depend on the design of schemes.</p> <p>Recycling materials will reduce the impact.</p>	<p>encourage walking, cycling, or public transport use, low maintenance planting schemes that control runoff, the use of shade or reflective surfacing to reduce heat island effect.</p> <p>The use of the latest sustainable road building standards, where appropriate, (currently BRE CEEQUAL and Greenroads).</p>
Consumption of non-renewable resources?	Yes	-ive	Use of non-renewable resources such as stone from quarries and other similar materials.	<p>Detail in the contract appropriate levels regarding use of recycled materials. Tender responses should ask about on-site reuse of aggregates and be given credit for appropriate proposals.</p> <p>The use of the latest sustainable road building standards, where appropriate, (currently BRE CEEQUAL and Greenroads).</p>
Production, recycling or disposal of waste	No	-ive and +ve	Works will create wastes, which may include contaminated asphalt.	Can detail in the contract appropriate levels regarding use of recycle material and disposal of waste. Contractors will be registered as waste carriers, and the their understanding of the handling and disposal or hazardous and non-hazardous wastes (including contaminated asphalt) will be evaluated in the tender.
The appearance of the city?	No	-ve and +ive	Roadworks and associated traffic congestion will make	The contractors will comply with requirements to reduce the impact of works on traffic congestion.

			<p>the appearance the city worse in the short term, but new infrastructure has the potential for long term improvement. This will mainly depend on the design of schemes.</p>	<p>Potential improvements by carrying out maintenance and facilitating new infrastructure</p>
<p>Pollution to land, water, or air?</p>	<p>No</p>	<p>-ve and +ive</p>	<p>Works and any associated traffic congestion may have a short term impact on air, water, noise, and dust pollution, but have the potential for longer term improvement.</p> <p>Storage and use of fuel and chemicals may lead to pollution.</p>	<p>Stipulate in contracts requirements for planting schemes that control runoff reduce the impact of air pollution within the AQMA. Dust should be controlled as far as possible and noise should be controlled by limiting the hours of working and by protecting any sensitive receptors through the use of barriers, etc.</p> <p>Fuels and chemicals should be stored, dispensed and used in accordance with legislation and best practice.</p> <p>Compliance and monitoring of performance in line with current legislation</p>
<p>Wildlife and habitats?</p>	<p>No</p>	<p>-ve and +ive</p>	<p>Any new road building is likely reduce the space available for habitats, and the storage of equipment on any project may damage verges and possibly affecting protected species.</p> <p>Reinstatement of damaged areas, adding swales and planting on verges may improve</p>	<p>Stipulate in contracts requirements for planting schemes that control runoff reduce the impact of air pollution within the AQMA.</p> <p>Bidders should be asked about their plans reinstatement of verges and other land affected by equipment storage in the tender.</p> <p>Compliance and</p>

		habitats.	monitoring of performance in line with current legislation
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**Consulted with:**

**Summary of impacts and Mitigation - to go into the main Cabinet/ Council Report**

The significant impacts of this proposal are...

Works can increase short term air, water, noise and dust pollution, and traffic congestion through the use of vehicles and plant, as well as impacting habitats, producing waste, and requiring quarried materials. Longer term impacts on air quality, traffic congestion, habitats, and Bristol's resilience to climate change may be positive or negative, depending on the design of schemes. Most of the impacts are dependent on the design of projects and the management of contractors.

The proposals include the following measures to mitigate the impacts:

- Contractors will be given credit for the use of low emission vehicles, plant, and travel planning to reduce their use
- Measures to reduce the risk of (or control) dust, noise, or water pollution will be put in place, in accordance with legislation and contract requirements. This includes during storage, use and disposal.
- The need for, and plans for habitat and species management, relocation, or establishment will be established at an early stage of project designs.
- Measures to reduce the urban heat island effect, control run-off, and improve air quality will be included, where relevant.
- The use of sustainable road building and civil engineering standards, such as BRE CEEQUAL, or Greenroads will be considered and used where appropriate.
- The recycling of materials will be specified and monitored for individual schemes. Any proposals by contractors for on-site recycling should be considered and given credit in tenders where relevant.
- Measures to encourage walking, cycling, and the use of public transport will be carefully designed, and linked with neighbouring schemes. Disruption of these activities during works will be limited, wherever possible.

The net effects of the proposals are negative, but the careful design of schemes, within the context of other schemes within the city have the potential to create many positive impacts.

**Checklist completed by:**

Name:	Giles Liddell
Dept.:	Environmental Performance Team, Energy Service, Place
Extension:	24569
Date:	26/05/2016
Verified by Environmental Performance Team	Steve Ransom





**Report title:** Local Council Tax Reduction Scheme 2017/18

**Wards affected:** City-wide

**Strategic Director:** Alison Comley

**Report Author:** Patsy Mellor

**Recommendation for the Mayor's approval:**

1. That the Existing LCTR scheme remains for 2017/18.
2. That the existing LCTR scheme is reviewed for 2018/19 and options put forward for consideration.

**Key background / detail:**

Local Council Tax Reduction (LCTR) is discount for Council Tax that reduces the amount low income households need to pay. The scheme is enacted by legislation and the local authority, within parameters, can design its own scheme for working age households.

Agreement is sought to keep the existing LCTR scheme, subject to budget approval, as the projected funding for 2017/18 will be £39.2m and review the scheme for 2018/19.



# Cabinet

4 July 2016



<b>Report Title:</b>	<i>Local Council Tax Reduction Scheme 2017/18</i>
<b>Ward:</b>	<i>Citywide</i>
<b>Strategic Director:</b>	<i>Alison Comley, Strategic Director - Neighbourhoods</i>
<b>Report Author:</b>	<i>Patsy Mellor, Service Director: Citizen Services</i>
<b>Contact telephone no. &amp; email address</b>	<i>0117 35 26218 patsy.mellor@bristol.gov.uk</i>

## **Purpose of the report:**

To comply with the legal requirement to annually review the Local Council Tax Reduction (LCTR) scheme. LCTR for low income working age citizens is a discretionary discount of up to 100% of their Council Tax liability.

In 2013 BCC full Council agreed to fully fund The LCTR scheme within a cost barrier of £39.5m therefore the recommendation is to retain the existing scheme for 2017/18 subject to budget approval.

However 2018/19 expenditure for the LCTR scheme is expected to exceed £39.5m and therefore the agreed full Council decision. This report presents a range of possible options for consideration and decisions to be put forward to full Council by January 2018.

## **Recommendation for the Mayor's approval:**

1. That the existing LCTR scheme remains for 2017/18. If this is approved there will be no need for public consultation. If it is not approved public consultation will need to start on 15 August 2016.
2. That the LCTR scheme is reviewed for implementation 01 April 2018 (01 April 2018 – 31 March 2019) as spending is likely to go above previously agreed levels. Options will be developed with Member involvement to capture the ideas of Members and also ensure the appropriate information is provided for an informed decision to be made.



## Background:

1. The LCTR caseload as at 30 April 2016 is 38,707 made up of 25,127 working age claims and 13,580 pension age claims. This split is important as Bristol is only able to define a scheme for working age claims. The LCTR scheme for pensioners is prescribed and therefore there is no control over the expenditure. The LCTR scheme cost for 2015/16 was £13.9m for pensioners and £24.6m for working age claims.
2. For 2016/17 Bristol is one of 41 Authority's out of 326 that 'fully fund' the LCTR scheme. Fully funded is a descriptor for those who base their LCTR scheme on the previous Council Tax Benefit (CTB) and have made no adjustments, such as introducing a minimum Council Tax payment level. Bristol is the only core city to fully fund its LCTR scheme.
3. The Local Government Finance Act 2012 requires Bristol to operate a LCTR scheme and to review that scheme annually. The initial LCTR scheme required approval of full Council and any changes require approval of full Council by the 31 January 2017 for the 2017/18 scheme. If changes are proposed for the LCTR scheme there must also be a 12-week full public consultation. If no changes are proposed the scheme this does not require approval of full Council.
4. The existing LCTR scheme is projected to cost £39.2m for 2017/18, within the £39.5m that was set in the mid-term financial strategy for 2014/15 to 2017/18. With the impact of welfare reform changes the cost of the 2018/19 scheme to BCC will exceed £39.5m this means BCC will have to review the ability to fully fund this scheme. This report outlines costs associated with retaining the current scheme and costs for alternative models.
5. A large amount of the LCTR cost is met from a grant received within the Revenue Support Grant (RSG), the amount received was only identified in year 1 and the Council agreed to fund the additional cost over and above the grant received. The grant for LCTR in year 1 was the cost of the previous Council Tax Benefit scheme less 10%, this equated to £35.5m. As the grant from DCLG for LCTR is not identified it is not possible to identify the additional amount from Council funds. The threshold of £39.5m was set using the grant in year 1 and the agreement in the Medium Term Financial plan to fund a gap of up to £4m.
6. The purpose of this report is not to identify savings as the administration of the service will still need to be completed for housing benefit. This report outlines the potential cost and cost reductions of each alternative model to enable Cabinet to make an informed decision on the preferred option.
7. Three options are listed below (including the existing scheme). Options 2 and 3 show that to reduce the amount spent on LCTR, changes to the existing LCTR scheme would be needed. Given that a 12-week consultation period is required this gives until mid-July 2016 to explore the options in any detail.
8. BCC currently funds 100% of the LCTR scheme, Members need to consider alternatives such as 0% to 100% funding and what the implications of cost to BCC are.
9. Officers note this is a significant decision for Members and the proposal to keep the existing scheme for 2017/18 allows time to work with Members to review the scheme for 2018/19 and also for the Medium Term Financial Strategy to be set, this will allow the Council to know what funds are available. Feedback from Cabinet agenda conference has been taken into account and initial step for 2018/19

would be to set up a workshop with Members. This will allow time to explore the LCTR scheme and ensure officers are able to present the information that Members need to make a decision.

### Option 1 – Existing Scheme

The existing scheme is modelled on the Council Tax Benefit (CTB) scheme it replaced and no changes have been made to how that scheme operates.

Projected Cost: £41.1m 2018/19	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• No impact to Citizen.</li> <li>• No change to cost of collection or increase in arrears for Council Tax.</li> <li>• Unlikely to increase footfall for the CSP / CSC.</li> <li>• No significant impact on hardship.</li> <li>• May go some way to assisting those who lose out under Universal Credit.</li> <li>• No significant impact on arrears.</li> <li>• Protects vulnerable households and older people.</li> <li>• Is robust to challenge.</li> </ul>	<ul style="list-style-type: none"> <li>• This will require £1.9m of funding for 18/19 over the previously agreed £39.5 between predicted costs and the threshold set by the council.</li> <li>• It provides support to those who lose out under Universal Credit (UC) so is not supporting the objectives of UC.</li> <li>• No savings in administrative costs.</li> <li>• Some administrative differences between housing benefit and LCTR, such as the time limits for being able to backdate a working age claim.</li> </ul>

### Option 2 – 25% Liability Reduction

LCTR is currently based on 100% of the Council Tax liability. This means if a citizen is entitled to maximum LCTR they do not need to pay any Council Tax. If a 25% reduction is applied certain categories of working age claim will have to pay at least 25% of their Council Tax, even if they entitled to full LCTR. Vulnerable groups as defined within the LCTR scheme such as disabled people will be excluded from this reduction. It should be noted that a liability reduction cannot apply to pension age claims as the LCTR scheme for pensioners is prescribed by national legislation and cannot be locally defined.

260 LAs apply a liability reduction that ranges from 5% to 45%, the BCC proposal is an amount used by 37 Authority's.

Projected Cost: £38.3m 2018/19	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Vulnerable citizens are protected.</li> <li>• Remainder of citizens will have 75% maximum support.</li> <li>• There is an equitable spread of reduction in support across all council tax bands.</li> <li>• The 25% reduction in support for non-vulnerable groups is spread relatively widely across categories of claimants with the exception of couples with children and the</li> </ul>	<ul style="list-style-type: none"> <li>• Non-vulnerable citizens will have an average reduction of 25% (£3.68 per week).</li> <li>• Approximately 13.8k<sup>i</sup> non-vulnerable claimants face an average increase in CT payable of £191 per annum without a corresponding increase in income.</li> <li>• Possible additional Council Tax arrears of £942k.</li> <li>• Probable increased cost of collection and</li> </ul>

<p>employed/self-employed.</p> <ul style="list-style-type: none"> <li>• Is robust to challenge.</li> </ul>	<p>enforcement.</p> <ul style="list-style-type: none"> <li>• Possible increased write-offs.</li> <li>• Probable increased cost of discretionary support.</li> <li>• Possible increased cost of debt support and advice.</li> </ul>
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### Option 3 – Income Banded Scheme

One Local Authority operates an income banded scheme. An income banded scheme fits more with the concept of a discount and allows you to set a budget and model your scheme to that budget. The concept is relatively simple in that income is compared against a set of bands and then a percentage discount is awarded. The number of income bands is up to the Local Authority.

Projected Cost: £as defined by Bristol	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Potential to define your own savings, i.e the scheme cost could be limited to £30m saving BCC £10m</li> <li>• Administratively simple as there is no reliance upon the system of a means tested by comparing an income against allowances and premiums</li> <li>• The majority of those in vulnerable groups are protected.</li> <li>• The scheme is transparent and easy for recipients to understand.</li> <li>• For the Council to determine how much it wants to spend and then the scheme can be modelled to fit this.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant changes required to Northgate and it is likely this work would incur a cost.</li> <li>• Creates a cliff edge in that once your income reaches a certain level you get nothing, as opposed to a tapered reduction which more gently ‘tapers’ away entitlement</li> </ul>

### Consultation and scrutiny input:

**a. Internal consultation:**

None, at this point approval is being sought to remain with the existing scheme which went through Scrutiny in 2012. If Cabinet decide to change the scheme Scrutiny are programmed to be involved in this.

**b. External consultation:**

None.

### Other options considered:

10. Along with the existing scheme two other options were considered, please see paragraph 7.

**Risk management / assessment:****FIGURE 1****The risks associated with the implementation of the LCTR scheme decision :**

No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK  (Before controls)		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK  (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
		1	Expenditure increases above £39.5. A scheme cannot be changed mid-year so any adjustments (subject to public consultation) cannot be applied until 2018/19.		<b>High</b>	<b>Medium</b>	

**FIGURE 2****The risks associated with not implementing the LCTR scheme decision:**

No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK  (Before controls)		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of	CURRENT RISK  (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
		1	A tight timescale to identify and fully plan out alternative options for the 2017/18 LCTR scheme.		<b>High</b>	<b>High</b>	
2	Affordability of a new LCTR scheme for citizens if the cost is passed on and this may be further compounded by other welfare changes such as the benefit cap.	<b>High</b>	<b>High</b>	Deferring an alternative scheme that may reduce costs will allow time to work with agencies and develop what, if any mitigation can be put in place.	<b>Medium</b>	<b>Medium</b>	Patsy Mellor
	If the cost of the scheme is passed on to tax payers there will be increased Council Tax arrears.	<b>High</b>	<b>High</b>	Remaining with existing scheme.	<b>Low</b>	<b>Low</b>	Patsy Mellor

**Public sector equality duties:**

Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

**iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.**

11. These factors have not changed, the Public Sector Equality duty narrative has been taken from the Full Council report 'Council Tax Reduction Scheme' dated 15 January 2013, presented by the Mayor and written by Julia James
12. The options that involve either fully funding or involve increasing contribution across all non-vulnerable claimants' payments would not disproportionately affect BME group or younger people. The cut would be imposed across all households and affect people equally. We do not know the proportion of women who are pregnant, people with or without a religion or belief or LGBT people within each banding but cannot anticipate any differential effect if the cut is imposed across all households.
13. It is difficult to anticipate accurately who would find it more difficult to pay as this is dependent upon individual circumstance rather than belonging to an equalities community. Women and disabled people are more likely to be Council Tax claimants, but a significant proportion of vulnerable disabled people and women will be excluded from additional payments as they will be included in the protected vulnerable groups.

#### **Eco impact assessment**

[No impact](#)

**Advice given by:** Claire Craner-Buckley, Environmental Project Officer

**Date:** 10 May 2016

#### **Resource and legal implications:**

#### **Finance**

##### **a. Financial (revenue) implications:**

From 1 April 2013 Local Council Tax Support Schemes (LCTSS) replaced council tax benefit in England. Under these local schemes reductions are part of the council tax system, rather than a welfare benefit, and therefore have a direct impact on the council tax base.

Bristol City Council introduced a localised scheme that provided a full set of discounts that replicated the previously existing national council tax benefit scheme up to an approved cost barrier of £39.5m.

If the scheme is left unchanged the overall cost to BCC in 2017/18 is estimated at £39.2m which is within the cost barrier of £39.5m.

Moving further forward, given the increasing financial pressures affecting the Council over the medium term, Members need to consider the implications of continuing to provide a fully funded scheme in line with the wider budget setting process and the Medium Term Financial Strategy.

**Advice given by** Tony Whitlock – Finance Manager  
**Date** 24 May 2016

**b. Financial (capital) implications:**

None as a result of this report

**Advice given by** Tony Whitlock – Finance Manager  
**Date** 24 May 2016

**Comments from the Corporate Capital Programme Board:**

Not applicable

**c. Legal implications:**

The recommendations do not raise any particular legal issues

**Advice given by:** Eric Andrews, Senior Solicitor  
**Date:** 12 May 2016

**d. Human resources implications:**

There are no immediate workforce implications arising from the content of this proposal. Should any of the options necessitate a change in administrative structure to implement, this should be conducted in line with Bristol City Council policies and procedures.

**Advice given by:** Alex Holly, HR Business Partner  
**Date:** 11 May 2016

**Appendices:**

1. Glossary of terms defining vulnerable claimants.

**Access to information (background papers):**

1. [CTR report full council 15.1.13](#)

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<sup>i</sup> 6,777 households with disability, 4,490 households on IS (generally single parents with children <5). Taken from SHBE demographics April 2016

## Additional Information for Local Council Tax Reduction Report (LCTR)

### Glossary of Terms

Category	Description	Percentage of current caseload
Vulnerable (1) (Disability)	<ul style="list-style-type: none"><li>• Council Tax band reduction for disability.</li><li>• The claimant or their partner is blind.</li><li>• The claimant or partner get Disability Living Allowance (DLA).</li><li>• The claimant or partner get Personal Independence Payments (PIP).</li><li>• The claimant has been deemed incapable of work for 52 weeks by the Department for Work and Pensions (DWP).</li><li>• Claimant is in receipt of Employment and Support Allowance – Support Component.</li><li>• Claimant or partner get a war pension.</li></ul>	23%
Vulnerable (2) (Children under 5)	<ul style="list-style-type: none"><li>• Households with dependant children under the age of five.</li></ul>	11%
Working Age – Employed	<ul style="list-style-type: none"><li>• Household where the claimant or partner work more than 16 hours per week.</li></ul>	9%
Working Age Other	<ul style="list-style-type: none"><li>• All other non-pensioner claims that do not fall into the first three categories.</li></ul>	22%
Pensioner	<ul style="list-style-type: none"><li>• All claims where the person claiming LCTR is of pension age. Pension age is rising and is not at a fixed point currently.</li></ul>	35%

Vulnerable for the purposes of LCTR is split into two categories, households with children under 5, this makes up 11% of the current caseload and disabled households which makes up 23% of the current caseload.

When defining the LCTR scheme it is for the Council to decide what categories of person fit the definition of vulnerable, it must have mind to current equalities legislation though. The current criterion is a default criteria carried through from Council Tax Benefit (CTB). For example the Council could decide that only lone parent households with children under the age of 5 are deemed as vulnerable.

For the current scheme defining groups as vulnerable has no impact as Bristol has not changed the scheme from Council Tax Benefit. Where it does have an impact is that Bristol is required to protect vulnerable claimants, so if it was decided to base the maximum LCTR on 80% of the Council Tax liability vulnerable households would be exempted from this. Or put another way 31% of the caseload would be impacted as vulnerable and pensioner households would be exempted from this restriction.

This issue of those classified as vulnerable is clearly an area that needs more discussion; this glossary is intended just to give an overview.

**BRISTOL CITY COUNCIL  
CABINET  
4<sup>th</sup> July 2016**

**REPORT TITLE:** Financial report- 2015/16 outturn

**Ward(s) affected by this report:** All

**Strategic Director:**

**Report author:** Julie Oldale (Interim Service Director – Finance)

**Contact telephone no. & e-mail address:** Insert telephone no.  
Harry.Lawson@bristol.gov.uk

**Purpose of the report:**

To report on the Council's overall financial performance for the 2015/16 financial year

**RECOMMENDATION for the Mayor's approval:**

1. To note the Revenue and Capital outturn position set out in the report.
2. To note and ratify the movements to reserves set out in the report.
3. To note the Capital outturn position reflecting in year spending of £199.9m against an approved programme of £240.5m .
- 4 To note the Treasury Management position showing borrowings of £419.3m and investments of £145.7m as at 31 March 2016.

**Purpose of the report:**

To report on the Council's overall financial performance for the 2015/16 financial year.

## Financial Summary

1. The following table shows a summary as to how each Directorate performed against the revenue budget for the 2015/16 financial year.

	<b>Revised Budget</b> £m	<b>Actual</b> £m	<b>Variance</b> £m
People	217.8	226.2	8.4
Place	21.7	21.7	(0.0)
Neighbourhoods	44.4	44.4	(0.0)
Business Change	44.7	44.7	(0.0)
City Director	4.8	2.9	(1.9)
<b>Sub total Directorates</b>	<b>333.4</b>	<b>339.9</b>	<b>6.5</b>
Other Corporate Budgets	30.8	24.2	(6.6)
<b>Sub total</b>	<b>364.2</b>	<b>364.1</b>	<b>(0.1)</b>
Transfer to Earmarked Reserves	(3.3)	(3.2)	0.1
<b>Net Expenditure</b>	<b>360.9</b>	<b>360.9</b>	<b>(0.0)</b>

2. The following table provides a summary of the Council's outturn position for its capital programme, reflecting in year spend of £199.9m compared to a programme budget of £240.5m.

	<b>Original Budget</b> £m	<b>Revised Budget 2015/16</b> £m	<b>Forecast QTR3</b> £m	<b>Outturn 2015/16</b> £m
People	46.1	46.1	45.6	44.2
Place	116.6	111.7	83.0	67.3
Neighbourhoods	3.8	3.8	1.1	0.8
Business Change	23.6	23.9	19.7	19.7
City Director	5.5	6.7	5.8	4.8
HRA	48.3	48.3	42.7	42.6
Other (Purchase of City Point & Inv in Bristol Energy Co.)	-	-	-	20.5
<b>Totals</b>	<b>243.9</b>	<b>240.5</b>	<b>197.9</b>	<b>199.9</b>

3. The General Fund balance has been maintained at £20m with a small planned net decrease of £3.2m in usable earmarked reserves leaving a balance of £95.1m.

**BRISTOL CITY COUNCIL  
CABINET  
4<sup>th</sup> July 2016**

**REPORT TITLE:** Finance Report - Full Year Outturn

**Ward(s) affected by this report:** All

**Strategic Director:**

**Report Author:** Julie Oldale (Interim Service Director - Finance)

**Contact telephone no. & e-mail address:** 0117-922 2419  
[julie.oldale@bristol.gov.uk](mailto:julie.oldale@bristol.gov.uk)

**Purpose of the report:**

To report on the Council's overall financial performance for the 2015/16 financial year.

**RECOMMENDATION for Mayor approval:**

1. To note the Revenue and Capital outturn position set out in the report.
2. To note and ratify the movements to reserves set out in the report.
3. To note the Capital position reflecting in year spending of £199.9m against an approved programme of £240.
4. To note the Treasury Management position showing borrowings of £419.3m and investments of £145.7m as at 31 March 2016.

## **1. Overview and Context**

2015/16 was the second year of the Mayor's three year MTFs/Budget Plan, which saw the Council facing severe cuts to public spending and substantially reduced Government funding. This report shows that the Council has been able to deliver on its saving plans and balance its base budget in what continues to be a challenging fiscal environment. However, the Council still faces significant challenges to deliver the transformation required to cope with increased demands placed on Services in the future.

The following points should be noted;

- Overall General Fund revenue outturn was within the overall approved budget and was an improvement on the position reported at the end of December 2015;
- The balance on the General Fund/Strategic Reserve has been maintained at £20m in accordance with the Council's Reserves policy and Medium Term Financial Strategy (MTFS);
- A planned minimal drawdown from earmarked reserves of £3.2m with remaining balances of £95.1m set aside for specific schemes and to mitigate against future funding shortfalls.

- Income from housing rents and service charges exceeded spending, enabling a strengthening of the HRA general reserves from £54.1m to £61.8m whilst HRA Capital Receipts reserve increased by £9.2m to £39.8m.
- Capital spending in year was £199.9m compared to the budget of £240.5m. This was financed by a mixture of grants and council funding including Prudential Borrowing of £38.9m.

## **2. Revenue Position**

2015/16 was the second year of the Mayor's three year MTFS/Budget Plan.

Performance was monitored against budget on a quarterly basis throughout the year to enable resources to be re-directed toward corporate priorities in a timely manner should the need arise, whilst remaining within the overall budget.

The Council has delivered significant savings in year of £31m; with any part year effects in delivery being managed in year. The outturn position saw the Council keeping within budget whilst preserving reserves set aside for specific schemes and to mitigate future funding risks.

The outturn position has confirmed the structural pressure within the social care budgets within the People Directorate. Management actions were taken in year to mitigate the impact and work is ongoing within the People Directorate and corporately as part of the planning for the next medium term financial planning process.

The current financial strategy, consisting of the final year of the 2013-17 MTFS, will be sufficient to balance the Council's budget in 2016/17, if delivered in full. This includes the managed delivery of the planned savings of £35m and the containment of the identified structural pressure in social care. The Council has been consistent in stating that further savings will be required beyond the delivery of the current MTFS period and this was reported within the 2016/17 budget setting report to February Council.

The November 2016 Spending Review confirmed that funding cuts will continue up to the end of the current Parliament. Combined with incremental increases in costs due to inflation and demographic pressures, further significant savings will be required to balance the Council's budget over the period of the next medium term financial plan

A summary of the overall position for 2015/16 is shown in the table below:

	<b>Revised Budget</b> <b>£m</b>	<b>Actual</b> <b>£m</b>	<b>Variance</b> <b>£m</b>
People	217.8	226.2	8.4
Place	21.7	21.7	(0.0)
Neighbourhoods	44.4	44.4	(0.0)
Business Change	44.7	44.7	(0.0)
City Director	4.8	2.9	(1.9)
<b>Sub total Directorates</b>	<b>333.4</b>	<b>339.9</b>	<b>6.5</b>
Other Corporate Budgets	30.8	24.2	(6.6)
<b>Sub total</b>	<b>364.2</b>	<b>364.1</b>	<b>(0.1)</b>
Transfer to Earmarked Reserves	(3.3)	(3.2)	0.1
<b>Net Expenditure</b>	<b>360.9</b>	<b>360.9</b>	<b>(0.0)</b>

Overall, overspend within directorates totalled £6.5m (or 1.8% of budgets). This was counteracted by a £6.6m underspend in Corporate budgets largely attributed to capital financing savings as a result of re-profiling a number of capital schemes. The major variances by directorates are detailed in the following paragraphs:-

### People

As reported throughout 2015/16 there have been continued and significant demands on placement budgets across both Children's and Adults services.

The main areas of pressures in Adults were Residential and Nursing placements £2.8m, Homecare £1.6m, Community Support Services £4.4m, and Direct payments £2.1m. These costs were partially offset by receipt of Care Act grant (£1.4m), from the CCG relating to Mental Health aftercare costs (£1.9m), an underspend on staffing of (£1.4m), and an underspend in contracts for Strategic Commissioning contracts (£1.5m).

In Children's services the main areas of budget pressures were the increases in Special Guardianship placements £1.6m and Out of Authority placements £1.5m. There was also significant pressure in the 0-25 service of £2.2m.

To help mitigate the impact of these pressures, other budgets managed to deliver small underspends across the People Directorate.

### Place

The directorate broke even overall in 2015/16 but this masks significant overspends in the Property division during the year (£2.1M) and also in the Economy division (£0.8M), offset by unplanned surpluses in Transport (£2.8M) and in Planning (£0.3M). Within Property there was a £2.0m shortfall in the delivery of the MTFs savings target.

Under Transport the majority (£1.8M of the £2.8M) net underspend position is achieved through income surpluses and savings released in Parking Services. There were also savings in costs of Street lighting of £0.6m. The Economy Division's overspend of £0.8M was largely due to the additional cost of operating advertised opening hours at Museums of £0.4m and the cost of TQEZ investment team which will be retrospectively recovered from the LEP.

Under the Planning division there is a surplus of £0.3m and this is largely due to increased income from Planning services.

### Neighbourhoods (Excluding ring fenced budgets)

Within Neighbourhoods there were minor overspends including for waste transfer stations (£0.2m), public toilets (£0.2m) and at the household waste recycling centres (£0.1m). These were offset by underspends in grounds maintenance, cemeteries and crematoria where income exceeded budget and an underspend in the meals service.

### **Business Change**

The Directorate broke even overall in 2015/16 although there were areas of pressure and corresponding underspends.

The main areas of overspend relate to ICT Delivery (£2m), being additional Hardware/Software and Maintenance costs that were upfront investment costs of the Change Programme.

These costs have been offset by underspends in Integrated Customer Services of £1m, of which £0.5m relates to the unrequired bad debt provision and £0.8m in HR Services where income has exceeded budgets as a result of an increase in staff take-up of the holiday purchase scheme and salary savings. In addition, there have been small underspends in Policy, Strategy and Communications and Legal Services.

### **City Director**

There is a reported underspend of £1.9m that relates to the unspent element of the Bristol Futures Demonstrator grant of £2.2m, which the council has retained and moved to reserves, a Bristol Futures revenue underspend of £0.2m and a overspend in Electoral Services of £0.5m.

### **Other/Non-Directorate Budgets**

Other budgets includes provision for debt financing costs, interest and investment income, certain pension costs as well as general contingencies. There was an underspend on debt financing costs of £6.6m as a result of active treasury management and re-profiling the capital programme with the result of deferring the timing of borrowing.

### **Public Health**

In 2015/16 the Council received £30.9m Public Health Grant. This is a ring fenced grant and must be spent to support the funding of specific services and the delivery of Public Health outcomes. The delivery of these outcomes, alongside spend, is reported annually to the Department of Health.

Within the grant funded element of the service, a total of £1.2m has been carried forward in reserves for expenditure in the next financial year, as required within the grant conditions. This underlying underspend will be required to contribute toward funding additional services that meet the Public Health Outcomes Framework, as part of the Council's approved three year MTFS.

The Housing Revenue Account (HRA) is a separately maintained ring fenced account. The following is a summary of the HRA outturn position prior to any reserve adjustments being included.

	<b>Gross Exp</b>	<b>Gross Income</b>	<b>Revised Net Budget</b>	<b>Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Housing Revenue Account</b>	124,339	116,626	<b>(3,675)</b>	<b>(7,713)</b>

The key factors resulting in the variance to budget are:

- Slippage in the Capital Programme with major projects including new build, cladding of high rise blocks alongside the low rise cladding programmes. This was caused by various issues regarding the procurement of contracts and contractor's delays once on site. This reduced the requirement for a revenue contribution to capital by £11m;
- Overspend in repairs and maintenance of £3.4m due to an increase in the volume of response repairs that were not reflected in the original budget alongside an increase in standards of repairs and works to void properties due to a raised re-let standard.

The underspend at the year-end has been transferred to HRA Reserves.

### **Dedicated Schools Grant (DSG)**

In 2015/16, the Council received £167.0m Dedicated Schools' Grant, which is ring fenced and passported through to fund schools. Schools that have transferred to academy status receive their funding directly from the Department of Education.

During the year, the DSG High Needs block was overspent by £1.8m due to increased demand on top up payments. However, this was offset by underspends on the other DSG blocks resulting in a net underspend of (£0.1m) at the year end.

### **3. Capital Programme**

The Council spend on capital investment in 2015/16 was £199.9m compared to a forecast of £197.9m at the end of Quarter 3. The major areas of investment were:

- £44m invested in transport schemes including 'Metrobus', Bus Network, Cycling Network improvements, traffic management and infrastructure;
- £43m invested in the Council's housing stock;
- £38m invested in school buildings to provide additional primary places to meet increased demand;
- £20m invested in the Bristol Workplace Programme to provide an effective environment to support agile working and to deliver efficiency savings. This spend relates to the design and construction of effective working environments and the provision of technology solutions to enable agile working practices;
- £6.5m investment in Bristol Energy and Technology Services Limited, a wholly owned subsidiary of Bristol City Council;
- £5.5m Energy investment into solar schemes, district heating networks;
- £11m invested in the Arena project and surrounding infrastructure, land and building acquisitions;
- £9m City Point Temple Gate acquisition for Temple Quarter Enterprise zone;
- £4m Super Connected Cities - eligible small and medium-sized businesses within the City (including registered charities, social enterprises or sole traders) access to high-speed business internet connectivity; the roll out of phase 2 scheme to the wider network has recently commenced.

The following table sets out a summary of the major variances, capital programme changes and forecast spending by Directorate.

	<b>Original Budget</b>	<b>Revised Budget 2015/16</b>	<b>Forecast QTR3</b>	<b>Outturn 2015/16</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People	46.1	46.1	45.6	44.2
Place	116.6	111.7	83.0	67.3
Neighbourhoods	3.8	3.8	1.1	0.8
Business Change	23.6	23.9	19.7	19.7
City Director	5.5	6.7	5.8	4.8
HRA	48.3	48.3	42.7	42.6
Other (inc City Pt & Energy)	-	-	-	20.5
<b>Totals</b>	<b>243.9</b>	<b>240.5</b>	<b>197.9</b>	<b>199.9</b>

A detailed analysis of the variances between the outturn and budget is included as Appendix A.

Capital schemes by their nature are complex and subject to many dependencies, for example land purchase, planning issues, consultation, competing demands for limited specialist resources, procurement regulations, funding approvals etc. The Capital Board is established to oversee and improve the co-ordination of the Capital Programme, ensuring that projects are delivered within their allocation of funding and planned timescales. Responsible Officers are challenged on the projected variances by the Capital Board.

#### 4. Financial Standing/Reserves

The following table summarises the movement on reserves during 2015/16:

	<b>Opening Balance</b>	<b>In year Movement</b>	<b>Closing Balance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
General/Strategic Reserve	(20.0)	-	(20.0)
Earmarked Reserves (General Fund)	(98.4)	(3.3)	(95.1)
Earmarked Reserves (Schools)	(39.4)	23.9	(15.5)
Housing Revenue Account	(54.1)	(7.7)	(61.8)

##### **General Fund/Strategic Reserve**

The purpose of the Council's General/Strategic Reserve is to cover emergency events such as unforeseen financial liabilities and natural disasters and should be maintained at a minimum level of between 3% and 5% of the Council's net revenue budget. The General Reserve is to support one off and limited on-going revenue spending.

General fund uncommitted, strategic revenue reserve is currently £20.m. This is unchanged during the year and consistent with the MTFS.

## **Earmarked Reserves**

The purpose of the Council's earmarked reserves are to meet identified spending commitments and future service commitments. These reserves are only used for the purpose for which they were created and are reviewed annually. The net decrease in Earmarked Reserves during the year was £3.2m.

The net decrease in Earmarked Reserves during the year was £3.2m. The table below summarises the year end position, grouping the reserves by reason/purpose.

<b>Purpose/Reason</b>	<b>Opening Balance £m</b>	<b>Movement £m</b>	<b>Closing Balance £m</b>
Capital Investment	(24.3)	4.1	(20.2)
Business Transformation	(26.8)	2.9	(23.9)
Risk Management	(10.7)	1.3	(9.4)
Statutory/Ring-fenced reserves	(7.3)	(2.1)	(9.4)
Financing/Technical accounting reserves	(6.6)	(0.2)	(6.8)
Service Specific Reserves	(22.6)	(2.8)	(25.4)
<b>Total</b>	<b>(98.3)</b>	<b>(3.2)</b>	<b>(95.1)</b>

A full analysis of the Council's earmarked reserves is set out at Appendix B.

The major items carried forward/transferred to reserves were:

- **Capital Investment Reserve.** Net drawdown of £2m includes funding the investment in Bristol Energy Company (£6.5m), investment in a property fund to support homelessness (£0.5m) and a drawdown of £5m in respect of accounting adjustments relating to Schools PFI contracts.
- **Change Programme Investment.** A budgeted contribution was drawn down in line with the MTFs to meet Change Programme expenditure (invest to save) during the year.
- **Waste Management.** An agreed drawdown of £1.9m from Waste Reserves in 2015/16.
- **Public Health.** There is a statutory requirement to carry forward unspent ring-fenced Public Health Grant for investment in public health services - £1.5m.
- **Programmes and Projects.** An approved drawdown of £2m as a contribution towards the refurbishment costs of City Hall.

## Schools Balances

Schools Balances decreased by £24m from £39.5 to £15.5m during the year. There are commitments and plans to spend the carried forward Dedicated School Grant (DSG) which have been agreed by Schools Forum within the regulations controlling spend of the DSG.

## HRA Reserves

The following table provides a summary of the reserve adjustments made at the year end. This includes the transfer of the year-end surplus to reserves and a year-end adjustment relating to the HRA Earmarked Reserves. There has been a net increase across the HRA Reserves of £2.5m.

	<b>Opening Balance £m</b>	<b>Movement £m</b>	<b>Closing Balance £m</b>
HRA Reserve	(39.6)	(9.9)	(49.4)
HRA Earmarked Reserves	(14.5)	2.2	(12.3)
HRA Major Repairs Reserve	(7.0)	5.2	(1.8)
<b>Total (Revenue)</b>	<b>(61.1)</b>	<b>(2.5)</b>	<b>(63.6)</b>
<i>HRA Capital Receipts Reserves</i>	<i>(30.6)</i>	<i>(9.2)</i>	<i>(39.8)</i>
<b>Total HRA</b>	<b>(91.7)</b>	<b>(11.7)</b>	<b>(103.4)</b>

## 5. Treasury Management

The Council is required to report to Full Council a minimum of three times each year setting out:

- Treasury Management Strategy at the start of the year;
- A Mid-year Treasury Management Report update the Council on treasury management performance;
- An Annual Treasury Report after the year end providing details of actual performance compared to the strategy.

This report provides Cabinet with an update on performance during the last quarter of the year and the position as at 31 March 2016:

- No additional borrowing was undertaken in the last quarter of the year. The Council's debt at the end of the year was £419.3m with an average interest rate of 4.81%.
- Investments were £145.7m at the 31st March 2016 (£190.5m at 31st March 2014/15) at an average rate of 0.63% during 2015/16 (0.69% during 2014/15). The reduction in investments is primarily due to the Council using its own cash resources to fund the capital programme rather than taking out additional borrowing.

- The Council has complied with treasury management legislative and regulatory requirements during the period and all transactions were in accordance with the approved Treasury Management Strategy.

## 6. Outlook

The current MTFS describes the Council's financial plans for 2016/17, along with indicative figures for the period 2017/18 to 2019/20. These use current best estimates following analysis of the Government's spending plans. These indicate continued, significant, financial challenges facing the Council over the medium term.

The Governments "core spending power" figure indicates a flat cash settlement across the period 2016/17 to 2019/20. Despite this, the Council needs to be able to respond to increasing demands and pressures in a range of service areas, including:

- Demand Management, for example general increases in demand for services, e.g. children needing support and homelessness, increases in core costs such as the apprenticeship levy, cost pressures in Adult Social Care, including the National Living Wage. The introduction of the 2% Adult Social Care levy is a mechanism through which local authorities can help mitigate these pressures through to 2019/20;
- City-wide, such as maintaining an ageing city infrastructure, pressures in addressing the issues and outcomes of transport congestion, pressures to mitigate the impact of climate change, e.g. flooding. Additionally the need to enable business and economic growth across the City and a continuous need to fund and enable the delivery of affordable housing.

## **Consultation and scrutiny input:**

### **a. Internal consultation:**

Strategic Directors, Service Directors and the finance team.

### **b. External consultation:**

Not applicable

### **c. Audit Committee**

The Audit Committee will review the outturn as part of its review of the Council's draft financial statement at its meeting in July.

### **d. Resources Scrutiny Commission**

The Resources Scrutiny Commission will review the outturn statement as part of its work plan.

## **Other options considered:**

No other options are considered prudent at the present time.

## **Public sector equality duties:**

There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

## **Environmental checklist / eco impact assessment**

Not applicable.

## **Resource and legal implications:**

### ***Finance***

#### **a. Financial implications – Service Director - Finance:**

As detailed in the report. All necessary adjustments and estimates have been made to ensure that the outturn reflects a true and fair view of the Councils revenue income expenditure and its reserves as at 31 March 2016.

#### **b. Financial (capital) implications:**

As detailed in the report.

#### **c. Legal implications:**

Not applicable

#### **d. Land and property implications:**

Not applicable

#### **e. Human resources implications:**

Not applicable

## **Background Reports**

The Council's budget 2015/16, approved by Council February 2015  
Budget Monitoring Reports prepared during the year  
The Council's Financial Statements as at 31 March 2016

## Explanation of Major Variations (Capital) against the approved budget

### People

	Re-profiling £m
Minor variations on the schools programme	0.4
The original integrated Education Management System (IT solution) was delayed in 2014/15 through procurement availability and this coupled with changes in resources to manage the project, led to the delivery being delayed. However, the appointment of a Project Manager in the early part of 2015/16 has led to a renewed and revised solution leading to a contract being signed in January 2016 between BCC and Liquidlogic for the supply of the new Integrated Education Management System (IEMS). Education Case Management System project has been delayed from changes and resourcing of the project management team during the year, a revised project plan is now underway and spend is to be incurred during 2016/17	1.5
<b>Total</b>	<b>1.9</b>

### Neighbourhoods

	Re-profiling £m
A new capital investment strategy plan provides further management control on the high volume, small valued projects (70+) within the Parks programme. Some existing projects have been delayed by site suitability and new projects recently commenced will be completed in 2016/17.	2.7
Central Library lease for the Cathedral School is now in place releasing funds to assist with the digital cataloguing of books project continuing into 2016/17. Libraries for the Future programme has the majority of the cost of building works and swipe card access to be undertaken in 2016/17 and 2017/18.	0.3
<b>Total</b>	<b>3.0</b>

## Neighbourhoods – HRA

	<b>Re-profiling £m</b>
<p>The majority of HRA capital programme variances resulted from delays in the procurement of contracts for cladding of external blocks coupled with low rise cladding and by works slippage once contractors were on site.</p> <p>The repair response budget has been frozen for two years, however the standards of repairs, administration have improved alongside operational processes leading to better informed decisions thus reducing previous year's overspend in this area.</p> <p>Relets - Increase value of works to property and increased re-let standards has led to increased efficiencies thus reducing void costs.</p>	5.7
<b>Total</b>	<b>5.7</b>

## City Director

	Re-profiling £m
Super Connected Cities (Gigabit Bristol) remaining work is for the delivery of the Bristol Connected Voucher scheme and has been extended into 2016/17. Open Programmable City Region (extension of the Digital Platform network across the wider city) and the new Bristol Operations Centre to be based at Temple Street are in the very early planning stages of their project delivery.	1.9
<b>Total</b>	<b>1.9</b>

## Place

	Re-profiling £m
<u>Arena Project</u> The start on site date has moved, BCC are now working to the building contractors programme and not the indicative programme, the bulk of the main expenditure works is later in the programme. Implications are tender price inflation increases (factored into cost plan) and revised opening date for the Arena. The £91m project cost, as outlined in the October cabinet paper, is adopting a target cost approach to the contract which means that the final cost will not be agreed with the contractor until summer 2016.	20.1
<u>Arena Island development</u> Acquisition of Cattle Market Road site and initial project costs have been incurred in 2015/16 and further investment proposals for the opening up of land to the east side of Bristol Temple Meads Station in readiness for development has recently been approved by Cabinet in March 2016.	(6.7)
<u>Property - Planned Structural &amp; Maintenance Programme</u> The main reason for the low spend in 2015/16 was from school based projects not starting on site during the school holidays, however a number of large school projects are ready to start in the summer of 2016.	0.8
<u>Other project minor variances within the Major Projects service division</u> Schemes such as Kingswear & Torpoint flats, Gainsborough Square, South Bristol Housing scoping work, Filwood Green Business Park.	2.6

<u>Transport</u>	
Metrobus – Ashton Vale to Temple Meads	5.4
Metrobus – North Fringe to Hengrove – delays occurred from occupation and subsequent eviction at Stapleton Allotments at beginning of the year.	5.0
Cycling Ambition Fund – planned work on cycling bridge was not undertaken due to unforeseeable escalation of costs and was no longer feasible to proceed within budget. Unspent grant has been agreed by the DfT to be used on other cycling projects in 2016/17.	3.2
A403 Highways Challenge Fund – DfT has agreed to expand scope of the project to encompass works in Avonmouth and Kingsweston Lane to commence in 2016/17.	0.6
Minor variations to other transport projects.	0.5
<u>Energy</u>	
Energy infrastructure	1.4
Carbon Trust, Wind Turbines and Solar Energy	3.8
Green Deal Grant	5.8
Other Schemes	1.9
<b>Total</b>	<b>44.4</b>

**Business Change**

	<b>Re-profiling £m</b>
Bristol Workplace re-profiled spend in-line with the revised timing of Temple Street Phase 2 refurbishment work due to tenants (KPMG) moving out later than originally planned and ICT development work spend being deferred to future years.	7.4
Various ICT systems being delivered through the Change Programme to enable service efficiencies, spend is to be capitalised and classed as Intangible assets.	(3.2)
<b>Total</b>	<b>4.2</b>

<b>Total re-profiling</b>	<b>61.1</b>
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<b>Name of Reserve</b>	<b>Opening Balance period 1st April 2015</b>	<b>Movement</b>	<b>Closing Balance 31st March 2016</b>
Capital Investment Reserve	(19.874)	2.037	(17.837)
Business Transformation Reserve	(15.721)	0.000	(15.721)
Future Service Provision	(12.000)	0.000	(12.000)
Change Programme Investment	(10.000)	2.953	(7.047)
Public Health	(3.361)	(1.518)	(4.879)
Waste Management Reserve	(3.068)	1.900	(1.168)
Business Rate Appeals - volatility	(2.797)	(0.275)	(3.072)
Port Shares	(2.500)	0.000	(2.500)
Operational Reserve	(2.500)	0.068	(2.432)
Enterprise Area Business Rate Growth	(2.399)	0.000	(2.399)
City Deal Pooling Reserve	(2.164)	(0.562)	(2.726)
Exempt Accommodation	(2.103)	0.000	(2.103)
IFRS - Grants with no conditions	(2.064)	(0.206)	(2.270)
Programmes & Projects	(2.001)	2.000	(0.001)
Development Fund	(1.747)	0.000	(1.747)
Stoke Park Dowry	(1.478)	0.000	(1.478)
Mayoral Commissions/City Director	(1.300)	0.100	(1.200)
Housing Support	(1.200)	(0.195)	(1.395)
Hengrove PFI Credit Sinking Fund	(1.140)	0.000	(1.140)
Loans Fund B/S	(0.872)	0.000	(0.872)
Bristol Green Capital	(0.705)	0.000	(0.705)
Energy Management/Energy Company	(0.635)	0.000	(0.635)
Events Reserve	(0.633)	0.182	(0.451)
Places	(0.602)	0.302	(0.300)
Sports & Leisure Contracts	(0.505)	0.505	0.000
ABW/ERP development	(0.500)	0.000	(0.500)
Parks	(0.500)	(0.220)	(0.720)
Miscellaneous Reserves below £0.5m	(3.982)	(3.823)	(7.806)
<b>Grand Total</b>	<b>(98.351)</b>	<b>3.248</b>	<b>(95.104)</b>